Austria ... Sch. 15	Indonesia ... Rp 1600	Philippines ... Pes 20
Bahrain ... Din 0.650	Italy ... L 1100	Portugal ... Esc 65
Belgium ... BFr 35	Japan ... Y550	S. Arabia ... Rls 6.00
Canada ... C$1 50	Jordan ... Fils 500	Singapore ... S$ 4.10
Denmark ... Dkr 7.00	Kuwait ... Fils 500	Spain ... Pta 95
Egypt ... E£1.00	Lebanon ... L£ 8.00	Sweden ... Skr 6.50
Finland ... Fmk 5.00	Luxembourg ... LFr 35	Switzerland ... SwFr 2
France ... FFr 5.00	Malaysia ... Rm 4.25	Tunisia ... Din 0.600
Germany ... DM 2.00	Morocco ... Dh 6.00	Turkey ... L 130
Greece ... Dr 55	Netherlands ... Fl 2.75	U.A.E. ... Dh 6.50
India ... Rup 15	Norway ... Nkr 6.00	U.S.A. ... $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 28,969 — Monday January 10 1983 — D 8523 B

The breaking and remaking of Ma Bell, Page 12

NEWS SUMMARY

GENERAL

Thatcher visit angers Argentina

Argentine Foreign Minister Dr Juan Aguirre Lanari said UK Premier Margaret Thatcher's visit to the Falklands was a new act of provocation and arrogance.

He was speaking in Caracas on his way to Managua for a meeting of non-aligned countries. He has been planning a new diplomatic offensive against Britain over the Falklands issue.

Yesterday, the first full day of her surprise trip, Mrs Thatcher visited an RAF base and ships in Stanley Harbour, inspected an uncleared Argentine minefield, lunched with members of the islands' councils and attended evensong at Stanley cathedral. Islanders gave her a warm welcome. Page 14

Israeli alert

Israeli forces and police were on a high alert after 33 Israelis were wounded in two days in South Lebanon and Tel Aviv by guerrillas. Tel Aviv police detained more than 100 suspects.

Violence subsided in Lebanese port of Tripoli as fighting factions agreed to withdraw their gunmen. Page 2

Salvador crisis

The conservative Government in El Salvador was in crisis yesterday as it faced continued defiance from right-wing extemist Col Sigfrido Ochoa, who mutinied on Thursday. Page 2

Eanes deadline

Portugal's President Antonio Eanes has given the crumbling Democratic Alliance until Saturday to form a coalition government to replace the caretaker administration of outgoing Premier Francisco Balsemao. Page 2

Kidnap victim freed

A dawn police raid at Croydon, south London, freed wine merchant Emmanuel Xuereb, 33. Kidnappers had him naked and blindfolded for five days with his wife of five months, Maria, 25, whom they released on Saturday in the hope of obtaining a ransom of £2m ($3.2m). Four men have been arrested.

Bomb scare charge

Japanese police charged Hong Kong-born Canadian Kwok Wing Ming, 31, under anti-hijack laws, following an incident in which a Korean jet made an emergency landing at Tokyo because of a bomb scare.

Stone Age find

British archeologists led by Professor R. Allchin have unearthed an open-air Stone Age workshop outside Islamabad, Pakistan, estimated to be 32,000 years old.

Women crushed

Five women were crushed to death at Harare airport, and 64 people were injured when 5,000 came to welcome Chinese Premier Zhao Ziyang to Zimbabwe.

Expensive chase

West German police detained at gunpoint a 34-year-old Moroccan after a 140 kph (90 mph) chase in which the car he was driving damaged eight police cars, one of them armour-plated. He told them: "I'm Jesus Christ."

Briefly . . .

Czech leader Gustav Husak, 70 today, has been named a Hero of the Soviet Union and awarded the Order of Lenin.

Beirut: The Vienna Symphony became the first top foreign orchestra for ten years to play in Lebanon.

Prince and Princess of Wales flew for a holiday at Klosters, Switzerland, leaving behind their baby Prince William.

More than 850 took part in the Peking swimming festival in freezing weather.

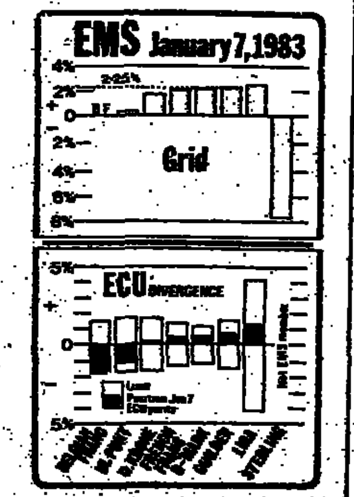
BUSINESS

Renault lays off 10,000 workers

● **RENAULT**, the French state-owned car maker, is laying off more than 10,000 workers at its Flins plant outside Paris as a result of the strike by 100 paintshop workers, which is threatening government pay guidelines. Page 14

● **NIMSLO International**, the 3-D camera company which is transferring production from Scotland to Japan, has signed a manufacturing and marketing agreement with France's Sralsen, owned by the Norwegian Fred Olsen group, to ease in its cash flow problems. Page 14

● **IRELAND's** budget target is an I£750m ($1.08bn) deficit, said Finance Minister Alan Dukes. This suggests he will have to find I£350m in extra tax and savings. Budget day is expected to be February 9.



● **THE BELGIAN** franc was weak in the European Monetary System last week, falling outside its divergence limit, despite central bank support. On Friday alone the West German Bundesbank bought BFr 55m as the Belgian currency was fixed at its floor level against the D-Mark.

The strength of the D-Mark also caused problems for the French franc, which in Paris on Friday equalled its record low against the German currency. The Bank of France sold some DM 190m on Friday in an effort to stem the slide.

Part of the renewed pressure on the weaker members of the system was the result of the dollar's continued weakness. The lira remained the strongest member, followed by the Dutch guilder.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● **IMPORTS** took a record 57.7 per cent of the UK new car market in 1982. Page 5. Imported cars took almost 28 per cent of the U.S. market. Page 3

● **TEXTILES** and clothes: UK imports exceeded exports by £993m ($1.59m) in the first nine months of 1982. Page 3

● **MEXICO** is beginning to attract new short-term inter-bank deposits, said its director-general of credit, Angel Guirria. Page 14

COMPANIES

● **THE OBSERVER'S** board meets today to consider the future of Britain's oldest Sunday newspaper, amid speculation that it is up for sale, with the rest of Lonrho's Outram group. Page 5

● **DISTILLERS COMPANY**, which has 40 per cent of the world market for Scotch, has increased its whisky export prices by 8 per cent. Page 3

● **ANDERSON STRATHCLYDE**, the mining equipment company, is considering legal action against Ministers Lord Cockfield and Peter Rees for approving Charter Consolidated's takeover bid for the company. Page 18

Greece devalues drachma 15.5% and curbs imports

BY VICTOR WALKER IN ATHENS

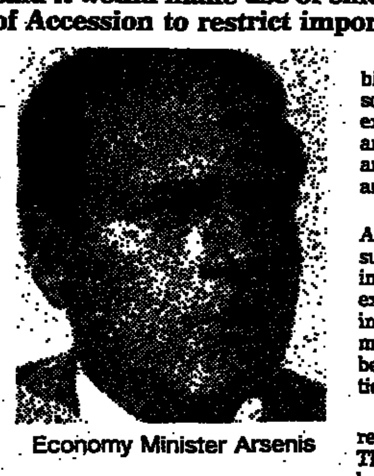
Greece's Socialist Government last night announced a 15.5 per cent devaluation of the drachma, and said it would make use of emergency procedures provided in the EEC Treaty of Accession to restrict imports.

The twin measures were announced by Mr Gherassimos Arsenis, the National Economy Minister and Governor of the Bank of Greece. Mr Arsenis said the parity of the dollar would be set today at Dr 84, against Dr 71 when the money markets closed on Friday night. The same 15.5 per cent devaluation would apply to all other currencies.

The drachma lost 18 per cent in value against the dollar during 1982, under a controlled float, and lesser percentages against other currencies. There had been speculation that last night's devaluation would be in the area of 25 per cent, nearer the target sought by industrialists facing declining demand abroad for Greek exports.

Mr Arsenis said the devaluation and import restrictions had been made necessary by a rapid increase in imports, reduced local production and rising unemployment, since Greece's EEC accession two years ago.

The Government, he said, intended to hold imports from all countries during 1983 at the levels in 1980, the year before accession. The duration of the restriction would depend on developments in the sectors of Greek exports worst hit by competition on international markets.



Economy Minister Arsenis

The final form and exact nature of the restrictions would be announced in a few days, he said, after the emergency procedures foreseen in Greece's Treaty of Accession had been put into effect. In the meantime, there would be administrative measures to control imports and prevent speculation.

Mr Arsenis said the Government had "the intention and the means" to support the new parities of the drachma, and its value would remain stable against the basket of currencies of Greece's trading partners.

The Minister said also that three bills to be introduced in parliament soon would set up a uniform state exports organisation, provide insurance for exports and export credits, and create a state standardisation and packaging organisation.

The Government believed, Mr Arsenis said, that with the measures there would be a substantial increase in agricultural incomes, in exports by bulk and value, and in industrial production and employment. It believed also there would be no significant impact on inflation.

The Greek inflation rate is currently running at about 22 per cent. The Government target is to get it below 20 per cent this year.

The devaluation had been urged not only by industrialists but also by the travel industry, faced by a fall-off in tourist revenue, especially since the recent devaluation of the Spanish currency. Spain is Greece's main competitor for tourists from European countries.

Greek shipping and shipyard operations will also be assisted by the devaluation.

But, as late as last Friday, the Government spokesman, Mr Dimitrios Maroudas, had condemned rumours of an impending devaluation.

EEC-U.S. bid for farm peace

BY JOHN WYLES IN BRUSSELS

TOP OFFICIALS from the European Commission and the Reagan Administration make their first attempt in Washington tomorrow to move from cease-fire to genuine peace in the abrasive transatlantic conflict over agricultural trade.

Both sides approach the talks with some optimism, but neither is very confident that the clash over the EEC's system of subsidising farm exports can be suppressed as a major irritant to their relationship over the coming months.

The aim is to make some progress by March towards a *modus vivendi* in Community-U.S. competition in world food markets. This might then enable the Reagan Administration to head off Congressional pressures for the deployment of export subsidies to help hard-pressed farmers whose net income is estimated to have fallen from $25bn in 1981 to $19bn last year.

Atmosphere and tone could prove very important in determining progress in the two days of talks in Washington and in another round scheduled for the beginning of February in Brussels.

Initially, both sides will be trying to recapture the goodwill and conciliation that marked the discussions here last month between the Commission and a U.S. team led by Mr George Shultz, the U.S. Secretary of State. The talks produced the vital agreement to begin this attempt to resolve the farm trade dispute.

The Commission delegation, led by its Director General for Agriculture, M Claude Vilain, is ready to table tentative suggestions for a cooperative approach to marketing, particularly of key cereals and dairy products.

But before doing so, the Europeans will want to be convinced that the U.S. has abandoned its general assault on the Community's export subsidy system and will stop trying to lay at its door the blame for most of the ills of American farming.

As part of a more co-ordinated approach with Washington, the Commission is prepared to discuss a policy for stocking wheat to avoid oversupply and downward pressure on world prices.

The Commission will also stress the moves it is making towards aligning downward moves in domestic EEC cereal prices with U.S. prices. These, if successful, would ultimately remove the need for export subsidies. The Commission will point to its proposals for a 3 to 3.5 per cent rise in EEC cereal prices from April against the average 4.4 per cent proposed for all products covered by the Common Agricultural policy.

Reagan in move to cut grain stock

By John Edwards and Nancy Dunne in Washington

PRESIDENT Ronald Reagan is expected to announce tomorrow approval of a major new farm programme aimed at cutting surplus grain stocks and rescuing the U.S. farm belt from its worst crisis since the 1930s.

The new payment-in-kind (PIK) programme would pay farmers for not planting a percentage of their land with government-surplus crops. The scheme could conceivably reduce by 50 per cent land planted with wheat, maize, cotton and rice.

The Administration failed to get Congressional authorisation for the PIK plan during last month's session, but Department of Agriculture lawyers have decided that it can be implemented in any case and hope to get Congressional approval later on.

U.S. farmers failed last year to respond to voluntary acreage reduction schemes and as a result record surplus have accumulated, depressing prices.

Under the new programme farmers will be given far greater incentives to cut production. They will be paid cash for the first 20 per cent reduction in land planted, as well as being compensated with surplus crops for up to an additional 30 per cent left fallow.

Thomson-Brandt and Philips in co-operation agreement

BY DAVID HOUSEGO IN PARIS

THOMSON-BRANDT, the French state-owned electrical concern, and Philips, the giant Dutch electronics group, have reached an agreement in principle on future co-operation and are to pursue discussions on how this might be achieved.

This emerged from a weekend meeting of the heads of the two European companies, M Alain Gomez of Thomson and Mr Wisse Dekker of Philips.

The importance of the accord is that it removes French fears that Philips might try to block Thomson's takeover of the West German electronics manufacturer, Grundig. It also paves the way for a possible link-up in producing video tape records (VTR's).

The French group has signed a letter of intent with Grundig that gives it a 75.5 per cent stake in the German company as part of a European bid to ward off Japanese competition in the hi-fi, television and video industries.

Philips holds the remaining 24.5 per cent and Thomson officials have made no secret of their fears that Philips might put obstacles in the way of the deal. Philips, while enthusiastically backing the idea of European industrial collaboration, has been suspicious of cooperation with the French.

As a result of lifting its objections to the merger, Philips appears to have won at the weekend meeting

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Breaking Ma Bell, Page 12

Bush aims to unite allies on arms

By Anatole Kaletsky in Washington

PRESIDENT Ronald Reagan is sending Vice-President George Bush to Western Europe in an effort to unify the Nato allies more firmly around existing arms control strategy and to counteract the recent propaganda gains made by the initiative of Mr Yuri Andropov, the Soviet leader.

Mr Bush's tour planned for later this month could, however, lead to some modification of the U.S. bargaining position on nuclear arms, according to Administration officials in Washington.

There is no indication that the trip is a preparation for an Andropov-Reagan summit and officials stressed that Mr Bush's talks will be with the allies. He will not be involved directly in the arms control talks which are due to resume next month in Geneva.

The Bush tour is not supposed to indicate any substantive softening in the U.S. attitude to the Soviet Union, according to U.S. sources. President Reagan himself stressed this on Saturday when he announced Mr Bush's trip. "Clearly, the Soviets want to appear more responsive and reasonable," he said. "But moderate words are convincing only when they are matched by moderate behaviour."

Mr Reagan is, however, more determined than ever to prove that he is negotiating in good faith and is genuinely anxious to produce a breakthrough at both the sets of nuclear arms talks – on strategic and on intermediate range weapons – in Geneva.

In making the announcement of the Bush visit before a national U.S. radio audience, the President warned the Kremlin leadership against using arms control proposals as a tool to divide the U.S. from its Nato partners.

The announcement came as leading Western contries were [illegible] communique by the Warsaw Pact in the most favourable tones yet given to any of the overtures by the new Soviet leadership of Mr Yuri Andropov.

President Reagan said that these overtures and the latest moves by the Russians at the arms control talks in Geneva meant there was "a serious foundation for progress."

After the Soviet proposals to cut intermediate nuclear missiles to the combined level of existing British and French forces and after last week's call for a

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Banks outline ECU clearing system plan

BY JOHN WYLES IN BRUSSELS

COMMERCIAL BANKS operating in Europe will be invited shortly to launch an association dedicated to creating a multilateral clearing system for the European Currency Unit, a development considered likely to encourage much greater private use of the ECU.

The ECU – a "basket" currency based on the currencies participating in the European Monetary System but also including sterling – has become an increasingly popular vehicle for both private bank deposits and Eurobond issues over the past year.

According to a recent estimate by Kredietbank, Belgium's third largest bank, the ECU deposit market has grown to ECU 3bn ($2.94bn) from ECU 400-500m in mid-1980.

ECU-denominated bond issues, meanwhile, have leapt from ECU 190m in 1981 to almost ECU 2bn last year.

This growth is said to be stimulating an increased awareness among banks of the need for a clearing system which is both multilateral and supranational. Prodded by the European Commission, six banks set up a working group a year ago to investigate the feasibility of such a system and to recommend a model.

The six banks are Lloyds, Crédit Lyonnais, Istituto Bancario San Paulo de Torino, Kredietbank, Morgan Guaranty and the European Investment Bank.

According to Mr Andre Swings, a general manager at Kredietbank, the group has now largely completed its work. Through national banking federations, it planned to invite all interested banks to a meeting in Brussels before the end of the month, which would formally launch the Association of ECU Clearing Banks and give the group a mandate to launch the clearing system.

The most ambitious aspect of the group's plan is to involve the Basle-based Bank for International Settlements as a supranational institution capable of strengthening the credibility of a supranational currency. Mr Swings said yesterday that the BIS would be asked to maintain an ECU account for settlements between members of the clearing association.

If the BIS proves reluctant to get involved, then the organisers will consider approaching an EEC central bank or employing one of the existing multilateral clearing systems – Euroclear, which handles bonds, or the Luxemburg-based Cedel.

Advocates of the new clearing institution claim that it would substantially reduce the costs of handling ECUs by removing the need to break the currency down into its constituent currencies for bank clearing purposes. The proposed new system would be fully computerised.

Significantly, the working group has rejected the European Monetary Co-operation Fund, the EMS

Continued on Page 14

Currencies, Page 17

Ontario to control 3 trust companies

BY NICHOLAS HIRST IN TORONTO

THE ONTARIO Government has taken control of three trust companies with assets totalling C$2bn (U.S.$1.6bn) to protect the interests of the companies' depositors.

The action, taken under emergency legislation rushed through the provincial parliament at the end of last year, follows growing concern about an alleged serious conflict of interest between the companies' owners and depositors.

The three companies are Crown Trust, the country's 12th largest trust company, and Greymac Trust and Seaway Trust, two smaller ones. Canadian trust companies are deposit takers which supply the bulk of the country's residential mortgages.

At the centre of the concern is a series of transactions involving 11,000 apartments formerly owned by Cadillac Fairview, the Toronto-based property company controlled by Charles and Edgar Bronfman, two members of the family that controls Seagram, the world's largest distiller.

Cadillac Fairview sold the apartments to Greymac Credit, the parent company of Greymac Trust. It is alleged that Greymac Credit sold the properties at inflated prices, with the three trust companies helping to finance the transactions. It is feared that the true value of the properties may be less than the value of the mortgages.

Details, Page 16

CONTENTS

OVERSEAS NEWS

MUTINY COULD DAMAGE WASHINGTON LINKS IF SUCCESSFUL

Salvador army revolt continues

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT, IN LONDON

THE right-wing Salvadorean Government of President Alvaro Magaña was in crisis yesterday as it faced continued defiance from Colonel Sigfrido Ochoa, the extreme right-wing field commander who mutinied on Thursday

The mutiny, if ultimately successful, could have profound effects on Washington's relations with El Salvador.

Col Ochoa, commander of the Government forces battling the left-wing insurgents in the northern department of Cabañas, last week refused an order from General Guillermo Garcia, the powerful Defence Minister, to resign his command and go to Montevideo as defence attaché at the Salvadorean embassy in Uruguay.

Col Ochoa, who is calling for the resignation of Gen Garcia, has claimed the support of many fellow officers, including Col Juan Rafael Bustillo, the air force commander. Officers in the U.S.-trained Atonal battalion have confirmed their support for Col Ochoa, whose 900 troops are based at Sensuntepeque.

Col Ochoa, according to some estimates, can count on the support of 4,000 troops – more than one in ten of the Salvadorean security forces.

The Sensuntepeque mutiny comes after several months in which the U.S. Government has been pressing the Magaña administration to get rid of extremist officers responsible for atrocities against the civilian population, and to close down the Treasury Police, a force in which Col Ochoa served for six years, and which has a notorious reputation.

Washington has also been trying to isolate politically Major Roberto d'Aubuisson, leader of the extreme right ARENA party, speaker of the Constitutional Assembly and a close associate of Col Ochoa.

The U.S. pressure has managed in recent months to oust a dozen extremist officers and to weaken Major d'Aubuisson's political position. It has not, however, succeeded in getting the Treasury Police disbanded.

The U.S. State Department is fearful that unless extremists are weeded out of political life and the security forces, US. public opinion will block any further aid to the Magaña Government and thereby strengthen the hand of the left-wing insurgents.

Later this month, President Reagan has to certify to Congress in Washington that the human rights situation is improving in El Salvador if aid to the country is to continue. If Major d'Aubuisson and Col Ochoa were to increase their influence in El Salvador, such a certification could not be given, or would lead to a credibility problem for Mr Reagan if it were given.

During the mutiny, Mr Deane Hinton, the U.S. Ambassador in San Salvador, has been in constant touch with President Magaña, Gen Garcia, and other Government leaders. He is also believed to have warned Col Ochoa that he could expect little sympathy from Washington if he were to seize power.

U.S. bank criticises monetarist 'excesses'

By William Hall in London

UK AND U.S. economic policy is at an impasse. Neither the Government of Mrs Margaret Thatcher nor that of President Ronald Reagan has developed a convincing strategy to tackle unemployment without rekindling inflationary fears, says Morgan Guaranty in its latest edition of World Financial Markets.

Tight monetary policies in Britain and the U.S. have contributed to sharp currency appreciation in real terms. Appreciation has lowered inflation but weakened external competitiveness and cut into output. Thus, in "solving one problem, restrictive monetary policy has created another," Morgan Guaranty argued in a major evaluation of Mrs Thatcher's monetarist experiment and its implications for the Reagan Administration.

Monetary restraint played the "leading role" in bringing down inflation sharply in both countries last year, but "money supply performance can no longer be the exclusive test of monetary policy."

The world recession has proved unexpectedly severe and prolonged, with only a mild recovery in prospect for 1983 or perhaps even 1984. There is little doubt that even moderate economic recovery requires a lower level of real interest rates than yet prevails.

Morgan Guaranty's influential newsletter says that while adjustments of the world's industrial economies to roaring inflation and the second oil shock was bound to be painful, this deflationary process has suffered from several policy excesses.

"Fiscal over-kill is as dangerous to economic health, as is improvident tax-cutting-and profligate government spending that leads to high real interest rates." Correcting these policy excesses is the main task for 1983, in order to avoid further economic decline, to contain protectionism and to stabilise the international debt situation the newsletter says. Even with a better balance of policies industrial countries still face subdued economic growth and very high unemployment for some time to come, it adds.

Morgan Guaranty, which has traditionally been the closest of American banks to the UK Government, says that after three and a half years of Mrs Thatcher's Administration, inflation has been greatly reduced and labour productivity has increased remarkably. "But the cost in terms of unemployment has been high and the economy's long-term recovery prospects remain in doubt."

It notes that the narrowing of the Public Sector Borrowing Requirement has been a "major force deepening and prolonging the recession and it is by no means certain that it has brought or will bring a better fiscal climate for business investment."

UK Government policy has also produced a sharp increase in the tax burden. In 1981, taxes absorbed 39 per cent of GDP against 34 per cent the year before. However, the bank says that Mrs Thatcher's "privatisation" initiatives are an imaginative, even radical approach to the public sector that in future could pay considerable efficiency dividends."

Aside from these policy mistakes, the UK economy has also suffered from the impact of North Sea oil, which has been a "major factor undermining the competitiveness of British industry."

The real exchange rate has been "crippling for many British firms." Even after the recent fall in sterling, the currency entered 1983 with its real effective exchange rate more than 20 per cent above its 1975-79 average.

Weak recovery forecast for UK, Page 6

Deadline for Portugal coalition as economic chaos looms

BY DIANA SMITH IN LISBON

PRESIDENT Antonio Ramalho Eanes has given Portugal's crumbling Democratic Alliance (AD) until January 15 to piece together a coalition government to replace the caretaker administration of Sr Francisco Pinto Balsemao.

Sr Balsemao resigned three weeks ago under pressure from his Social Democratic Party after local elections shrank the AD's majority. Alliance leaders are expected to meet early this week to discuss the crisis.

Prospects of a strong AD government are slim. After flat refusals by several prominent Social Democrats to try to bind together a querulous collection of Social Democrats, Christian Democrats and Monarchists, a relatively unknown Social Democrat, Sr Victor Crespo, some time Minister of Education, has been struggling for weeks to patch together a government that could be presented to President Eanes as one with sufficient authority to steer Portugal away from the brink of economic chaos.

Sr Crespo has been unable to persuade a Social Democrat or Christian Democrat of substance to accept the crucial Finance Ministry. This gap is thwarting President Eanes' desire to formally nominate a premier.

The financial situation is so serious that for the moment possibilities of a snap general election have been discarded.

Sr Balsemao resigned before Parliament could process the 1983 budget and the budget of a caretaker government cannot be voted through Parliament.

So, Ministries are scraping by on piecemeal funds, in a country of 400,000 state employees and a weighty public industrial sector dependent on a number of ministries for financing and planning.

Portugal ended 1982 with a balance of payments deficit of \$3bn (£1.8bn) the worst in its history. This reflected a perilous decline in emigrants' remittances and tourism revenue which in the past have helped to offset a chronic visible trade deficit.

State borrowing is a vital component of deficit financing and the present administrative stagnation is putting heavy strains on the Bank of Portugal's reserves.

Meanwhile, it is understood that in December the outgoing government made a discreet approach to the International Monetary Fund (IMF) in search of help for 1983. It is understood that once the IMF has dealt with vast Latin American problems, Portugal will be in line for assistance.

The foreign debt excluding very short-term borrowing was about \$12bn at the end of 1982 —equivalent to more than 50 per cent of gross domestic product. It is estimated that inclusion of very short-term borrowing of less than six months would bring the total debt to about \$15bn.

Australian investment slides further as markets contract

BY MICHAEL THOMPSON-NOEL IN SYDNEY

WITH THE Australian recession deepening, there are signs of further falls in new fixed capital investment as business battens down the hatches to face falling export and home demand.

Estimated new fixed capital investment spending for the six months to December 1982 was A\$9.26bn (\$9.39bn), according to the Bureau of Statistics, but this is expected to fall to around A\$8.03bn in the six months to June 1983, a reduction of 13.3 per cent.

In the three months to December 1982, there was a slight rise in fixed capital spending, compared with the preceding quarter, but this is partially attributed to "last-gasp" initiatives on the part of manufacturers, and to the fact that numerous committed projects had reached their investment phase.

Fixed capital spending in Australia achieved record growth in recent years, as the country geared up for a resources boom that never quite materialised. But with little likelihood of economic recovery in 1983, and with business confidence abysmally low, capital investment is likely to be reined back sharply.

According to estimates by the Bureau, investment in manufacturing industry is likely to drop from A\$2.33bn in the six months to December 1982 to A\$1.81bn in the six months to June 1983. Over the same period, new mining investment is likely to fall from \$2.25bn to A\$1.67bn.

However, mid-range forecasts by the investment community still point to a resource-based investment bonanza for Australia over the rest of the 1980s, with total investment in resource-related projects expected to exceed A\$40bn between now and 1990. The estimate includes infrastructure projects, such as power stations and oil and gas pipelines, but is primarily weighted towards the North West Shelf oil and gas project.

In dollars-of-the-day, the North West Shelf project is likely to cost in excess of A\$11bn. The main participants are Woodside Petroleum, Shell Australia, Broken Hill Proprietary, BP Australia, and California Asiatic Oil Company.

Domestically, the main problems confronting the Liberal-National Party coalition government of Prime Minister Malcolm Fraser include low or no growth, an expected inflation rate for 1983 of 9 to 10 per cent, high unemployment, an anticipated current account deficit of approximately A\$8.5bn, and a budget deficit of approximately A\$4bn.

A six-month wages freeze is now in place, but the unions are threatening rebellion, and some state premiers are decidedly unhappy.

This week, Mr John Cain, the Labour Party premier in Victoria, accused the federal government of "hypocrisy" in permitting a 5.5 per cent rise in domestic air fares while pursuing a wages freeze.

The first week of the new year, said the federal opposition, had seen higher air fares, higher petrol costs, and the imposition of a 7.5 per cent sales tax on a new range of goods.

Factions in Tripoli 'agree to pull back'

BY OUR BEIRUT AND DAMASCUS CORRESPONDENTS

WARRING FACTIONS in the northern city of Tripoli yesterday agreed to pull their gunmen from the streets in order to allow gendarmes from Lebanon's Internal Security Force to take up positions along the battle zones.

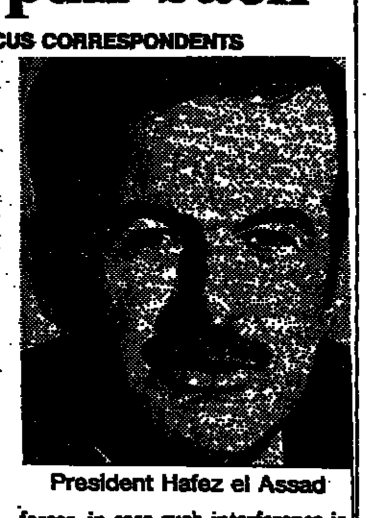
Violence subsided although sporadic gunfire and sniping continued as units of the ISF prepared to enter Tripoli.

In Damascus, meanwhile, Syria endorsed the Beirut government's proposal to send Lebanese security forces, backed with some army troops, to enforce security in Tripoli once a ceasefire took effect.

This followed a three-hour meeting on Saturday between Mr Chafik al Wazzan, the Lebanese Prime Minister, and Syria's President Hafez Assad.

Local factions opposed to the presence of Syrian troops around Tripoli have been battling with Syrian-backed groups for a month. At least 180 people were killed and many more wounded in the past week in fierce clashes that included heavy shelling.

In Damascus, an authoritative Syrian source said: "It has been agreed during the meeting that Lebanese state security forces exercise their duties in consolidating security in Tripoli, in co-operation with the 'Supreme Co-ordination Committee.' And President Assad has assured Wazzan that Syria is ready to offer all possible assistance to the Lebanese state forces, including the interference of the Syrian-composed Arab deterrent forces, in case such interference is needed."



President Hafez el Assad

The two sides also discussed the Lebanese-Israeli talks, and the developments concerning the Israeli withdrawal from Lebanon.

In Lebanon, Mr Rashid Karami, a former Lebanese Prime Minister who lives in Tripoli, was quoted as telling the North Lebanon police commander that the various factions had agreed to evacuate their positions in Bab Tebbaneh and Baal Mohsen as well as neighbouring areas to facilitate the deployment of the ISF.

Mr Hisham al Shaar, Lebanon's police chief, emphasised yesterday that his security men would venture into Tripoli only if a truce was fully observed and if the gunmen left.

UK and Arabs narrow breach over PLO

By David Tonge in London

HOPES OF patching up Britain's problems with Arab nations over its policy towards the Palestine Liberation Organisation (PLO) rose slightly yesterday following what the British Foreign Office called "useful discussions" on Saturday in Rabat.

In a report from Rabat, the Kuwait news agency said a compromise had been worked out whereby an Arab League mission would visit London in February.

Mr M'hmed Boucetta, the Moroccan Foreign Minister, is understood to have given Mr John Cambridge, the British Ambassador, the first formal reply to the British proposals of mid-December on how the PLO might be received in London as part of an Arab League delegation. These proposals were couched in broad terms, in marked contrast to the precise conditions Britain had previously set.

In mid-November Mrs Margaret Thatcher, the UK Prime Minister, insisted that, for British ministers to receive the PLO, the countries forming the delegation – Algeria, Jordan, Morocco, Saudi Arabia, Syria and Tunisia – subscribe to a declaration condemning terrorism and committing the PLO to move towards conditional recognition of Israel.

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WORLD TRADE NEWS

Foreign share of U.S. car market rises again

BY RICHARD LAMBERT IN NEW YORK

IMPORTERS sold 2.2m cars in the U.S. in 1982, compared with sales of 5.7m by the U.S. manufacturers. In 1978, the peak sales year, importers sold 2m units compared with 9.3m by the domestic producers.

These numbers explain why car imports remain a major political issue in the U.S. Last month, the House of Representatives passed a bill requiring foreign car makers to use American-made parts in all their exports to the U.S., and although that had no chance of being turned into law, protectionist sentiment remains intense.

The overall volume of imports in 1982 fell a little further from the peak of 2.4m units two years earlier, but their share of a declining market edged higher to almost 28 per cent. The Japanese share of overall U.S. sales also rose a shade to about 23 per cent, and their share of the market for small cars approached 50 per cent.

RETAIL SALES IN U.S. OF LEADING CAR IMPORTS

	12 months 1982	12 months 1981
Toyota	530,246	576,491
Datsun	470,246	464,805
Honda	365,865	370,705
Mazda	163,150	166,088
Subaru	150,335	152,062
Chrysler	102,227	110,940
Volvo	71,568	64,103
VW	67,348	82,088
Mercedes	62,484	58,016
Porsche-Audi	60,361	62,058
BMW	52,393	41,761
Renault	37,540	30,869
Saab	18,179	14,505
Isuzu	15,462	17,805
Fiat	14,113	32,185
Peugeot	14,044	16,725
Jaguar	10,349	4,695
Mitsubishi	3,950	—
Total U.S. car imports	2,213,714	2,319,548
Domestic production sales	5,756,658	6,205,856

The Japanese dominance in this sector posed increasing problems for the competition. Among foreign manufacturers, Fiat suffered a steep decline in U.S. sales over the period.

In Detroit, one of the year's big stories was General Motors' decision to go into partnership with Japan. With its Chevette sales dropping like a stone, GM set up an import arrangement with Isuzu, and an announcement is expected soon of plans for joint production of a Toyota-designed small car in California.

Toyota has been complaining that its U.S. business has been crimped by Japan's voluntary quota on auto exports to the U.S. This is due to expire in March, and there is still no agreement about what might take its place. The Japanese are anxious not to have their hands tied at a time when the market could be on the point of recovery. But U.S. manufacturers point out that the quota —set at 1.68m vehicles—has allowed the Japanese a much larger share of the market than could have been envisaged when it was set early in 1981.

Among individual importers, Toyota has remained the market leader with 530,000 cars sold in the year, of which the Corolla accounted for 175,0000. However, Nissan-Datsun has moved up closer in second place, and its hot selling Sentra—introduced in May—achieved sales of 15,000 in the month of December.

Japan's share of total car imports into the U.S. climbed a fraction to just over 81 per cent in the first 11 months of the year. West Germany held steady in second place with just under 11 per cent, with a disappointing performance by Volkswagen being offset by gains at the top end of the market from Mercedes, Porsche-Audi, and BMW. The other import success stories were also in the higher price ranges —Volvo, Saab and, perhaps most impressive of all, Jaguar, which succeeded in pushing up its U.S. sales by well over 100 per cent.

Norwegians win £17.6m Heimdal gas field order

By Fay Gjester in Oslo

NORWEGIAN companies have won orders worth a total of about NKr 200m (£17.6m) to build two of six major items of equipment for the Heimdal gas field, despite the fact that their bids were higher than those submitted by foreign companies.

Mr Vidkunn Hveding, Norway's Oil Minister, said he is satisfied with the decision, which he claims was taken not because of government pressure but because the oil companies involved took quality, as well as price, into consideration.

Orders for the other four items—two process modules, a drilling module, and a crane foundation—have gone to companies in Holland and France. Total value of these contracts is also about NKr 200m.

The Norwegian iron and steel workers' union, which wanted to see all the orders going to Norwegian fabricators, is disappointed. It asked the government to pressure the oil companies involved to place these orders in Norway, but the government refused.

Meanwhile, the EEC Commission has asked the Norwegian Government to justify its intervention over an earlier Heimdal contract, concerning a platform deck frame. In this case, the nine companies developing the field had intended giving the contract to the lowest bidder, a German yard. A Norwegian yard got the order after the government stepped in and offered to put up NKr 25m (£2.2m) of the NKr 55m price difference, and asked the oil companies to make up the rest.

UK ELECTRICAL ACCESSORY EXPORTS

Row with Saudis threatens orders

BY CHRISTIAN TYLER

BRITISH manufacturers of electrical accessories are afraid that the latest diplomatic row between the UK and Saudi Arabia, one of their biggest export markets, could cost them business worth hundreds of millions of pounds.

Their main worry is that a 10-year campaign to persuade Saudi Arabia formally to adopt British standards for electrical connectors—plugs, sockets and switches—is in jeopardy. If the campaign fails, it would mean the long-term loss of very substantial orders.

Bad political relations could also, they say, affect annual sales at present worth £8m-£9m to Saudi Arabia—over 20 per cent of total export business. Plans by a leading UK manufacturer to set up a factory in the country's Eastern Province have been put in doubt.

The last diplomatic incident, in 1980, caused by the television screening of a semi-documentary film "Death of a Princess," caused an appreciable drop in sales, according to one company yesterday.

More important, it was believed to have affected a decision of the Saudi Bureau of Standards as to which electrical system to adopt.

According to one regular business visitor to the area, the Bureau had been ready to subscribe entirely to British standards, but decided to take the U.S. standard for its 110-volt system, leaving open the question which standard it would adopt for 220-volt circuits.

Despite strong competition from French, Italian and West German suppliers, the well-entrenched British believe the Bureau is on the point of adopting UK standards for the higher voltage. A formal decision has been expected for some months, although the regulations and standards are not due to be published until next year.

Now British suppliers are worried that the Bureau's informal assent will be overruled by the Saudi Government on political grounds, which would mean a major loss of market share. Company agents in the Gulf have warned that the U.S. could capture the business.

Mr Trevor Dixon, assistant director of the Electrical Installation Equipment Manufacturers Association in London, said: "If the decision did go against us, then it would affect the market quite badly. But I have no way of telling what that decision is likely to be."

Leaders of the industry are believed to be lobbying MPs in an effort to explain the commercial consequences of the present diplomatic rupture. One company executive said he viewed the incident as much more serious than it was publicly portrayed to be

The present row follows a dispute in Whitehall about how Britain should treat a request by Morocco that a representative of the Palestine Liberation Organisation be included in an Arab League delegation to Britain.

Mr Francis Pym, the Foreign Secretary, has had to postpone a planned trip to the Gulf after Qatar and the United Arab Emirates joined Saudi Arabia in refusing to receive him.

Another company director said last night: "We are very vulnerable to Mrs Thatcher's policy. It could cost the UK manufacturers millions of pounds of business — and hundreds of millions in the long term."

Hungary to boost video imports

Hungary is likely to import up to 2,000 videotape recorders next year to satisfy growing domestic demand, Mr Janos Szilagyi, general manager of Ofotert, the state marketing company, said yesterday, AP reports from Budapest.

More than 1,000 names are on a waiting list for video recorders, but so far video equipment has been available only occassionally and in small numbers in special state stores, he added.

Distillers boost whisky export prices 8%

BY GARETH GRIFFITHS

THE DISTILLERS Company (DCL) has increased export prices for its whisky by 8 per cent in a move likely to act as a benchmark for the rest of the industry. DCL accounts for 40 per cent of the world's Scotch whisky market.

The increases are in two stages. Prices in markets excluding the European Community, the UK and North America went up on January 1. Prices in the EEC, apart from the UK, will rise on February 1.

No dates have been announced for rises in the UK and the U.S. Both markets are relatively weak. In the U.S. there are three month notice requirements for price rises in many states. DCL in common with other whisky companies, will be looking for a UK rise in line with increased costs.

It is not clear if the market can sustain an 8 per cent price rise and there has been some industry speculation that DCL's price rise will spark off a round of discounting by other companies anxious to shift volume at DCL's expense.

DCL was pessimistic about the immediate future for the world whisky market when it announced its interim results in December. Although overseas competitiveness has improved with the weakening of sterling, export promotion costs have been pushed up.

The price rises mean that the net cost of a case of standard blended whisky to a DCL distributor overseas goes up from £15 to £16.20.

Highland Distillers has also announced an 8 per cent increase on export prices, and Arthur Bell is to do the same on February 1. The rest of the industry is expected to announce similar rises in the next couple of weeks but increased discounting could mean that turnover will not go up by the same amount.

Tentative signs of a bottoming out of the recession in whisky exports were provided on Thursday by the Scotch Whisky Association's publication of export figures for the first 11 months of 1982.

Whisky exports last year appear to have recovered to the same level as 1980, with exports for January to November 1982 standing at 228,554,379 litres of pure alcohol, worth some £796.8m. This suggests that the UK exported around £850m worth of Scotch last year.

However, much of that increase over 1981 stems from a rise in the export of cheaper bulk blended whisky which accounts for about 24 per cent of the total. Companies do not expect the price rises to stimulate a sudden surge in exports as was the case in previous years.

SHIPPING REPORT

Shipbuilding faces 'imminent' price war

BY ANDREW FISHER

WHAT ARE the world's hard-pressed shipowners doing as they enter another year with little prospect of an upturn in freight rates? A number of things, according to Fearnleys, a leading Norwegian shipbroking firm, none of them cheerful.

Like most of the industry, the Oslo brokers see 1983 prospects as gloomy. After a 4 per cent drop in 1981, the volume of world seaborne trade fell a further 8.5 per cent last year, it calculated.

Measured in ton-miles, including not just volume but also the distance cargoes are carried, trade was down by as much as 10.5 per cent in 1982 after a gentler 4.5 per cent drop the previous year.

Thus, said Fearnleys: "Owners find themselves busy renegotiating loans with their bankers, postponing deliveries of new buildings, arranging lay-up or selling off their fleet, not to mention scrapping as the ultimate solution."

As the crisis has spilled over to shipbuilding, companies in this industry "are intensively chasing new orders, and following the intense competition a price war is imminent with yards undercutting each other."

Fearnleys estimated in its last monthly review of the year that the world merchant fleet dropped by about 1 per cent in 1982, with the tanker fleet down from 320m deadweight tons to 301m and the bulk carrier fleet up from 154.5m dwt to 167m.

As the backlog of orders placed in more optimistic times eased over the year—deliveries totalled some 26m dwt—the outstanding order book was reduced from 56m dwt to 40.5m dwt, Fearnleys said.

Scrapping figures have shown a big increase over 1981 and Fearnley's estimate for 1982 totals 28.5m dwt sold for scrap, mostly tankers, against 14.3m dwt in 1981

● The luxury cruising market, on which Fearnleys keeps an eye, also has its share of problems.

Its latest major study of the industry, in which five ships worth $700m are on order, shows that the 1982 volume of world cruise passengers was some 4 per cent down on 1981—the first decline in 17 years of increasing demand for cruises.

Fearnleys reckoned that unused capacity in the international cruise fleet, 82 ships totalling 1.6m gross tons, was over 20 per cent. This year should see a return to the 1981 passenger volume or slightly better; but over-capacity will still be high.

Italian consortium wins £62m Somalia contract

BY JAMES BUXTON IN ROME

A CONSORTIUM of Italian companies is to build a large cement plant in Somalia. The plant, at Bardera in the Juba Valley, will produce 250,000 tonnes of cement a year, making the country self-sufficient.

The contract, worth more than L140bn (£62.2m), has been granted by the Somali authorities to a consortium of four companies: Cogefar, Dravo Costruttori, Italcementi, and Franco Tosi. As well as providing the equipment and building the plant they will also build all the ancillary facilities, including a small power station.

The contract will be largely financed out of the Italian aid budget. Italy has been greatly expanding its expenditure on bilateral aid in the past two years, having previously been a very small aid donor, and Somalia, as a former Italian colony, is the biggest recipient of Italian aid.

Meanwhile Pirelli, the Italian cable and tyre maker, has beaten international competition to win a significant contract for power cables in the western region of Saudi Arabia. The contract, worth about L8bn, is for 200 km of cable and has been awarded by the Saudi Consolidated Electricity Company.

Sharp rise in UK textiles imports

By Anthony Moreton, Textiles Correspondent

BRITAIN'S BALANCE of trade in textiles and garments continues to deteriorate alarmingly. In the first nine months of last year imports exceeded exports by £993m, compared with £373m in 1980. Comparisons with 1981 continue to be complicated by the after-effects of a civil service dispute during that year which disrupted compilation of the trade returns.

Some 1981 figures are beginning to emerge especially for imports, and these offer a little hope because they appear to show that the rate of increase of goods entering Britain is slowing down. In the third quarter of last year, there was even a small fall of 4 per cent in the value of imports, compared with 1981.

The volume statistics show, if anything, an even more dispiriting picture. Britain imported 636,000 tonnes of textiles and clothes in the first nine months of 1980 and exported 561,000 tonnes.

Last year, while imports had risen relatively slowly to 681,000 tonnes, exports collapsed to 408,000 tonnes, leaving a trade imbalance of 273,000 tonnes.

The British Textile Confederation commented that this movement was due to the devastating effect of an overvalued exchange rate. "Throughout 1982 sterling has been overvalued relative to currencies other than the U.S. dollar and this has continued to encourage imports and depress exports."

The BTC also found that consumer expenditure was relatively buoyant in the nine months and that in the third quarter of last year there appeared to have been renewed running down of stocks. Imports continue to account for about two-thirds (by weight) of final sales, a level they reached a year earlier.

Imports from the Mediterranean countries continue to be the major problem, according to the BTC. While a voluntary restraint agreement has been reached with Portugal, Turkey has become "the major unresolved Mediterranean problem country."

The industry is now particularly worried about Turkish trousers, woven shirts, towels and bed linen in addition to knitted shirts and cotton fabrics, two sectors in which there has been a long-standing grievance.

The confederation complains that "with all the Mediterranean countries restraints fall short of the full double control system applying to Multi-Fibre Arrangement countries.

"Although strict monitoring of licensing and of import levels takes place, over-licensing still occurs in certain countries.

Portuguese household textiles and trousers from Spain and Malta are the main areas of dispute at present."

Textile and Clothing Imports in the first nine months of 1982. British Textile Confederation; £25 to non-members.

World Economic Indicators

FOREIGN EXCHANGE RESERVES

(U.S.$m)

	Oct. '82	Sept. '82	Aug. '82	Oct. '81
U.S.	9,400	8,630	9,050	10,411
UK	10,973	10,920	10,903	12,799
Italy	12,959	14,172	14,772	17,291
Japan	19,071	20,205	20,568	24,775
W. Germany	37,410	35,984	36,094	40,166
Belgium	3,271	3,371	2,972	3,932
Netherlands	7,588	6,981	6,977	7,581
	Sept. '82	Aug. '82	July '82	Sept. '81
France	11,036	11,966	13,315	19,649

Source: IMF

STATISTICAL TRENDS: SPAIN

Public sector deficit increases rapidly

THE RECENT OECD estimate for real growth in Spanish GDP in 1982 indicated an increase of approximately 1.25 per cent which compares favourably with a negative forecast for the OECD as a whole, and with the 0.4 per cent increase for Spain in 1981.

The General Government Account shows the rapidly increasing public sector deficit, which for 1982 is expected to run at Pta 1,000bn or almost 5 per cent of gross domestic product.

Private investment is expected to be boosted by lower interest rates. Inflation rates have been on a downward trend since the summer, reaching a peak in June this year of 16.1 per cent, but down to 13.9 per cent in September. It was expected to rise to the 15 per cent to 16 per cent level by the end of last year.

Commentary by Our Economics Staff; data analysis by Financial Times Statistics Unit; charts and graphs by Financial Times Charts Department.

Domestic demand remains depressed with retail sales volume in June down 6 per cent on the previous year. New car registrations and indicators of housing construction were up slightly for the first half of 1982 on 1981.

Unemployment in Spain is high compared to other countries. In October, 2,134,000 people were without jobs, representing 16.4 per cent of the labour force.

The deteriorating terms of trade, expanding money supply, high unemployment and increasing debt caused a depreciation in the peseta from a high of Pta 96.28 to the U.S. dollar at the beginning of last year to a low of over Pta 120 by the end of November.

Support for the peseta by the Bank of Spain saw a considerable drop in the foreign currency reserves, from $10.2bn at the end of 1981 to an estimated just under $7bn at the end of November. An official devaluation of the peseta in early December, may help reverse the flow.

External debt of both the public and private sectors has grown rapidly, with high international interest rates boosting the service payments. By the end of the year total external debt was expected to be about $28bn.

The devaluation of the peseta should help Spain's competitiveness in exports traditionally a relatively strong area of growth. Steel exports have grown steadily since the mid-1970s. With a concurrent decline in imports, the contribution from steel trade increased dramatically.

The number of tourists arriving in Spain increased yearly through 1973, then dropping back in 1974 to remain static for three years. A boost in 1977 and 1978 dropped again reflecting the slowdown in world tourism. This trend was reversed in 1981, when the number of foreign visitors rose by 5.7 per cent to a record 40.2m with France and Portugal accounting for 50 per cent of arrivals.

Spain's energy requirement plan is highlighted by decreasing oil dependence in the next few years and increased coal production. Output of coal rose from 22.7m tonnes in 1979 to 34.8m tonnes in 1981 and was expected to total 39m tonnes last year. Net energy imports are projected to fall from 66.4 per cent in 1981 to 59.5 per cent in 1985 and 55.6 per cent in 1990.

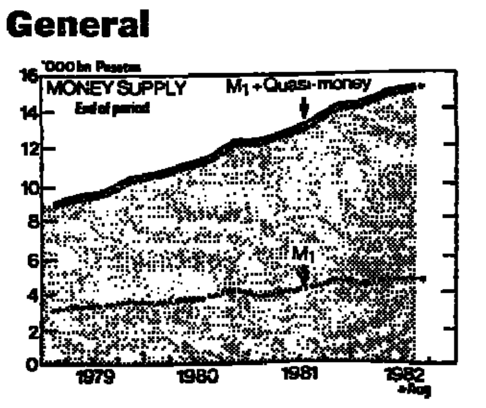
GROSS DOMESTIC PRODUCT 1981
European comparisons in U.S.$

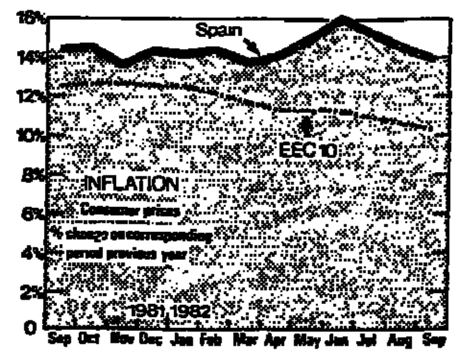
	Total (bns)	Per capita†
Spain	116.2	4,925
Austria	44.8	8,750
Belgium	70.7	9,725
Denmark	42.6	11,200
France	399.8	10,550
Germany	498.9	11,100
Greece	25.6	3,775
Ireland	10.2	4,850
Italy	231.5	6,100
Netherlands	97.4	9,775
Portugal	19.3	2,400
Switerland	60.0	14,750
UK	245.3	8,875

* At 1975 prices and exchange rates. † At current prices and exchange rates.

Source: OECD

General



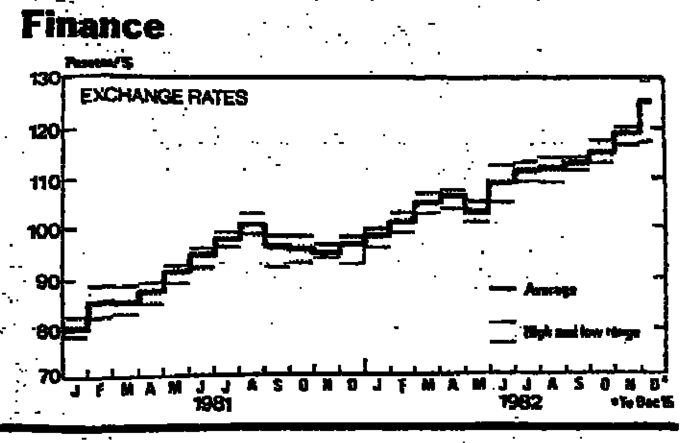


RETAIL SALES
(Department stores)
Volume 1975=100, seasonally adj.

1978		95
1979		89
1980		92
1981		92
	i	91
	ii	91
	iii	94
	iv	94
1982	i	89
	ii	90

Source OECD

Finance



INTEREST RATES
Commercial Bank lending rates to Prime Borrowers, end of month

	Spain	U.S.
October	16.81	18.00
November	16.91	16.00
December	17.04	15.75
January 1982	16.84	15.75
February	16.26	16.50
March	15.75	16.50
April	16.91	16.50
May	16.64	16.50
June	18.96	16.50
July	19.50	15.50
August	17.82	13.50
September	16.04	13.00

Source: World Financial Markets Morgan Guaranty

RESERVES
U.S.$m end of period

	For. ex.	Gold*
November 1981	10,537	617
December 1981	10,195	4,353
January 1982	10,079	4,353
February	9,571	4,221
March	8,779	4,221
April	8,769	4,090
May	8,425	3,900
June	8,245	3,666
July	8,508	3,666
August	8,580	3,666
September†	8,400	n.a.
October†	7,200	n.a.

* National valuation.
† Approximate.

Source: IFS and other

EXTERNAL DEBT
U.S.$m end period

	Public sector	Private sector	Total
1976	4,949	5,286	10,235
1977	6,790	6,169	12,959
1978	6,961	7,766	14,727
1979	7,510	9,111	16,621
1980	9,117	11,842	20,958
1981	10,911	14,098	25,009
1982 June	11,900	15,300	27,200

Source: Bank of Spain

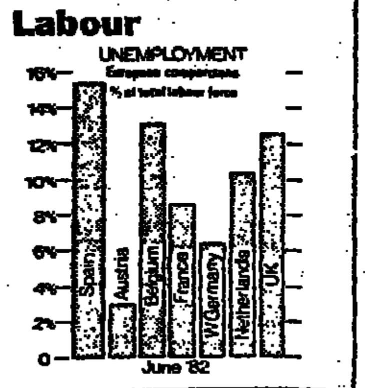
Government

GENERAL GOVERNMENT ACCOUNT
bn pesetas

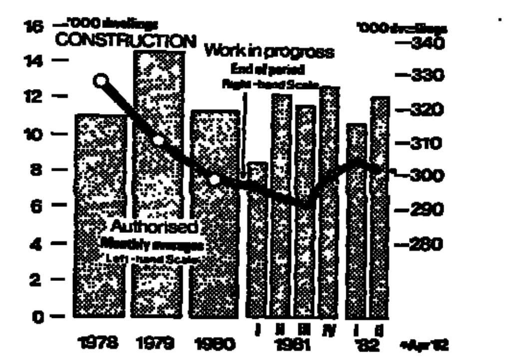
	1978	1979	1980	1981
Current rev.	3,040.4	3,690.0	4,319.3	5,111.7
Capital rev.	66.4	74.2	90.1	99.8
Current exp.	2,935.3	3,563.9	4,330.9	5,210.4
Capital exp.	378.0	420.9	557.0	693.3
Deficit	−206.5	−218.6	−478.5	−692.2
(% of GDP)	(−1.8)	(−1.7)	(−3.2)	(−4.0)

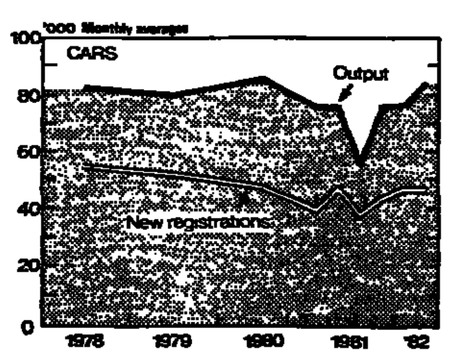
Source: National Statistics Institute & Ministry of Finance

Labour



Industry





Trade

TRADE IN IRON AND STEEL PRODUCTS

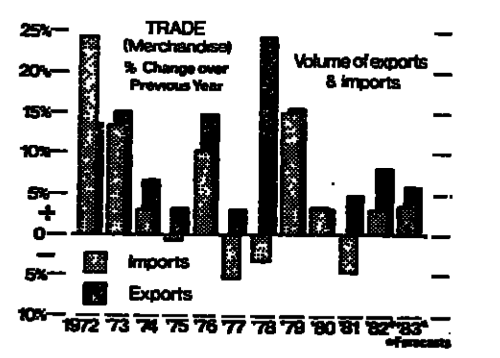
(1,000t steel equiv.)	Imports	Exports	Balance of exports 1,000 tonnes	Balance of exports m of pesetas
1971	1,158	1,186	+28	−11,336
1972	1,528	1,853	+325	−5,612
1973	1,461	2,204	+743	−2,302
1974	1,606	1,068	−538	−17,375
1975	2,367	2,054	−313	−16,287
1976	3,290	3,234	−56	−9,880
1977	1,451	3,519	+2,068	+12,902
1978	1,013	5,454	+4,441	+60,960
1979	1,380	5,567	+4,187	+67,015
1980	1,682	5,927	+4,245	+78,817
1981	1,488	6,555	+5,067	+107,041

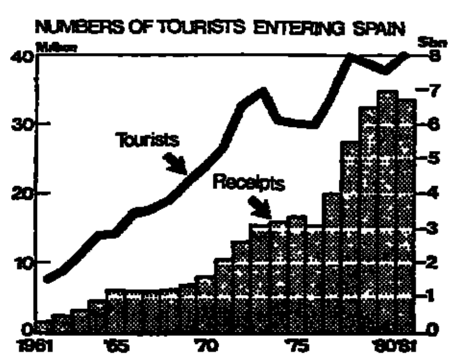
Source: UNESID

TRADE
bn pesetas

	Exports	Imports	Trade bal.	Curr. bal.	Net. cap. move.
1980	1,492.8	2,450.4	−957.6	−413.6	+302.5
1981 i	368.7	647.4	−278.7	−177.0	+114.3
ii	470.7	786.9	−316.2	−192.9	+172.0
iii	490.5	693.3	−202.8	−11.9	+112.0
iv	558.6	842.7	−284.4	−147.6	+45.7
1981	1,888.8	2,970.0	−1,082.4	−529.3	+444.0
1982 i	546.3	800.4	−254.1	−161.9	+58.5
iv	514.8	868.5	−353.7	−168.1	+118.9
July	220.7	292.1	−71.4	−0.7	+17.4
Aug.	n.a.	n.a.	n.a.	+16.8	−22.4

Source: OECD





TOURIST RECEIPTS
(excl. international fare payments)

In nat. currency	% change
Current terms	on prev yr.
81-80	+23.8
80-79	+14.4
Real terms	
81-80	+7.5
80-79	−0.1
in U.S.$	
81-80	−5.8
80-79	+8.7

Source: OECD

Energy

Primary energy requirements (mtoe's)

	1979	1980	1981*	1985†	1990†
Solid fuels	12.5	15.3	17.0	21.1	24.3
Oil‡	47.5	49.9	46.8	42.9	48.2
Gas	1.6	1.6	1.9	4.7	6.5
Nuclear	1.6	1.2	2.3	9.2	16.0
Hydro and geothermal	11.2	7.2	5.3	9.1	11.5
Net electricity adjustment	−0.1	−0.1	−0.1	n.a.	n.a.
Total	74.3	75.1	73.2	87.0	106.5

mtoe—million tonnes oil equivalent.
* Provisional estimate. † Forecast. ‡ Includes non energy uses, excludes marine energy bunkers.

Source IEA

Observer board meets on future of newspaper

BY JOHN MOORE AND PETER BRUCE

THE BOARD of The Observer, Britain's oldest Sunday newspaper, is meeting today to discuss the paper's future. Directors are meeting amid speculation that Mr Roland 'Tiny' Rowland, the entrepreneur and chief executive of the paper's owners, is intending to put the paper up for sale.

It was suggested at the weekend that Mr Rowland, who runs the international trading conglomerate Lonrho, intended putting Lonrho's entire newspaper activities up for sale in order to raise cash for the rest of the Lonrho empire. "If we can get the right price," he is reported as saying, "and I hope we can, our papers will be sold as a package. That would include The Observer."

Mr Rowland was in more cautious mood yesterday. "I have no idea," he said when asked whether he would sell The Observer. "I have absolutely nothing to say at the moment."

Apart from The Observer, the Lonrho newspaper interests include the Glasgow Herald and Sunday Standard, both published in Scotland.

At the Observer, staff were distressed to hear of the possible plans, which come just 18 months after Lonrho took over The Observer in a deal with Atlantic Richfield, the U.S. energy group that still retains a 20 per cent stake in George Outram, Lonrho's newspaper publishing subsidiary.

Mr Robert Low, who leads the National Union of Journalists branch at the Observer, said yesterday: "We have been very happy with the ownership so far and we would be upset if Lonrho pulled out now."

Today's board meeting has been scheduled for some time, and has not been called especially to discuss the Lonrho proposals. But it is thought that unless Mr Rowland personally attends the meeting – he is deputy chairman of The Observer – to discuss fully his intentions, there may be a move to adjourn the meeting by the independent directors.

Mr Robert Maxwell, chairman of British Printing and Communication Corporation, the printers, confirmed yesterday that he had been in recent talks with Mr Rowland, but only over the possibility of his company carrying out the printing of The Observer for Lonrho.

He said he was not interested in buying The Observer, but only in printing it on a contract basis. Mr Maxwell's business interests already have a relationship with Lonrho through a shareholding in the Observer's colour magazine.

Mr Maxwell said: "I am interested in setting up printing capacity jointly with newspaper proprietors on a contract basis." He said he was not interested in acquiring a major Fleet Street newspaper title.

Mr Robert O. Anderson, chairman of Atlantic Richfield and chairman of The Observer board, is expected to attend today's meeting. Five independent directors, elected to the board of The Observer in accordance with the requirements of the Secretary of State for Trade, an arrangement agreed when Lonrho took over The Observer, are also expected to be present.

When Lonrho took over The Observer the paper was making losses of £5m a year, one of the largest in Fleet Street. The Sunday Standard launched by Lonrho two years ago, is believed to be making large losses.

Mineworkers to end joint pit reviews

BY JOHN LLOYD, LABOUR EDITOR

THE National Union of Mineworkers (NUM) has given formal notice to the National Coal Board (NCB) that it will withdraw from all local consultative procedures, including the joint colliery reviews under which pit closures are managed.

The NUM's decision follows an ultimatum to the board that the union would withdraw unless confidential documents on the industry's finances, prepared for the Monopolies and Mergers Commission, were made available to it by January 1.

The board will not release the documents. Mr Norman Sidall, the NCB chairman, wrote to Mr Arthur Scargill, the NUM president, last month asking him not to withdraw from the review procedures. But Mr Siddal refused to hand over the documents. He asked Mr Scargill to resume talks with the board on the industry's problems as soon as possible.

The effect of the union's withdrawal will be to deprive the board of any means of agreeing closures with the union local level. Now, all closures will at least have the potential of becoming national level disputes between union and board. The implications is that any closure strongly resisted locally and which can win the support of the area, will form the core of a national dispute.

It also means that Mr Scargill has attained his objective of replacing the network of joint consultative forums in the mining industry with direct collective bargaining. Mr Scargill has consistently poured scorn on systems of industrial relations which bring unions close to management to discuss industry problems.

However, the scrapping of the system will not automatically lead to more industrial action.

Sir Peter Parker: to discuss report

Rail chief to meet minister

By Hazel Duffy

MR DAVID HOWELL, Transport Secretary, and Sir Peter Parker, the British Rail chairman, are expected to meet today or tomorrow for the first time since the controversial report of the Serpell Committee into the future of the railways was delivered to them just before Christmas.

Mr Howell returned yesterday from a week-long export promotion visit to the Far East. He will probably sanction the publication of the report as soon as possible, certainly in time for Members of Parliament to have copies when, or shortly after, they return to the House of Commons on January 15.

The Serpell report – named after the chairman of the advisory committee, Sir David Serpell – will be published in full, together with a minority report by Mr Alfred Goldstein.

Ministers have already let it be known that they are irritated by the widespread discussions aroused in advance of the report's publication. The Serpell Committee was set up to review the future of BR largely as the result of pressure from Sir Péter Parker, but the reports have not been generally to the liking of BR.

Mr Howell will be anxious to ensure that some of the pointers to a more efficient railway contained in the report will not be sacrificed to a general debate on whether or not there should be cuts in the size of the network.

Mr Howell is not identified with the known anti-rail lobby that exists in the Government. But he has made it clear that he believes BR could be more efficient. He will want to emphasise this point in the debate which can be expected in the Commons.

Mr Albert Booth, Opposition spokesman on transport, has already fired his opening salvoes, saying that the Government must ignore the more extreme options contained in the report.

There have been suggestions that the report might be shelved by the Government, which would not want to take unpopular decisions about the railways before a general election. But Mr Howell's own officials seem unhappy with several aspects of BR which are highlighted in the report.

TOTAL BRITISH SALES IMPROVE TO OVER 1.5M

Car imports reach record 57%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

UK CAR REGISTRATIONS

	December				12-months ended December			
	1982	%	1981	%	1982	%	1981	%
Total UK produced	28,499	44.32	27,206	48.29	657,471	42.28	658,091	44.32
Total imports †	35,800	55.68	29,133	51.71	897,556	57.72	826,622	55.68
Total market	64,299	100	56,339	100	1,555,027	100	1,484,713	100
Ford*	22,174	34.49	18,390	32.64	474,192	30.49	459,365	30.94
BL*	10,992	17.1	11,914	21.15	277,260	17.83	285,071	19.2
General Motors (Vauxhall-Opel)*	9,252	14.39	6,396	11.33	181,737	11.68	127,141	8.56
Peugeot Group:								
Talbot*	2,203	3.42	1,853	3.28	56,149	3.61	68,048	4.58
Citroen	914	1.42	1,217	2.16	24,149	1.55	27,395	1.85
Peugeot	741	1.15	652	1.15	19,636	1.26	17,805	1.19
Total Peugeot	3,858	5.99	3,722	6.59	99,934	5.97	113,248	7.62
Datsun	2,393	3.72	2,150	3.82	93,213	5.99	88,209	5.94
VAG (VW-Audi)	3,007	4.68	2,282	4.05	92,435	5.94	80,221	5.40
Renault	2,393	3.72	2,984	5.3	64,147	4.13	72,041	4.85
Volvo	2,058	3.2	2,090	3.71	51,707	3.33	44,558	3.00
Fiat Auto	1,970	3.06	1,614	2.86	48,808	3.14	61,977	4.17

* Includes cars from companies' European Continental associates which are not included in the total UK figure.
† Includes imports from all sources including cars from European Continental associates of UK companies.
Source: Society of Motor Manufacturers and Traders

IMPORTS took a record 57.7 per cent of the UK new car market in 1982.

The previous peak was 56.7 per cent in 1980, although there have been individual months when the import total went higher. In August 1981, the highest yet, imports accounted for 63.14 per cent of all car registrations.

According to Society of Motor Manufacturers and Traders' statistics published at the weekend, new car sales in Britain last year were 4.7 per cent ahead of those for 1981 at 1,555,027.

This performance was bettered on only two previous occasions, by 1.61m in 1978 and the record 1.73m in 1979.

Ford swept the board again last year. For the sixth year in succession the U.S.-owned group had undisputed car market leadership. It sold more commercial vehicles than any other group in Britain, made the UK's best-selling car (the Escort, which has followed the Cortina into the top spot) and the best-selling commercial vehicle (the Transit van). The group also maintained leadership in agricultural tractor sales.

However, Ford was also the major importer again. Of all Ford cars sold in 1982, some 48.5 per cent were assembled in its Continental European plants, up from 44.26 per cent the previous year.

Ford imports accounted for 14.79 per cent of new car sales last year, against 13.69 per cent in 1981. That was well ahead of Datsun and Volkswagen-Audi, each with around 6 per cent of the market, and total Japanese penetration of 11 per cent.

Mr Sam Toy, Ford of Britain's chairman, has said his company hopes to build in the UK more of the cars it will sell in the country this year. "For the first six months, for example, we envisage taking less than 24 per cent of Sierras for sale in Britain from abroad, compared with nearly 54 per cent of Cortinas (the car Sierra replaced) for the first half of 1982."

Another factor in the importers' success last year was the relative weakness of BL, the only wholly-British company. BL's market share fell from 19.2 to 17.83 per cent and even its volume declined, from 285,000 to 277,200.

Ford maintained its market share at above 30 per cent and pushed up volume sales from 459,300 to 474,200. It beat this performance only in the peak-demand year of 1979, with 485,500.

The major success in 1982 was General-Motors Vauxhall-Opel franchise with a market share improvement from 8.56 to 11.69 per cent. This is the group's highest market penetration since 1969. Its volume sales, at 181,461, were 12 per cent above the previous best year, 1972.

GM's "J" car, sold in Britain as the Vauxhall Cavalier, played a significant part in the change in the group's fortunes. Its sales jumped from 33,800 in 1981 to over 100,000 last year, taking it from seventh to fifth place in the table of best-sellers.

The 1982 top-selling cars were: 1, Ford Escort (166,942 sold); 2, Ford Cortina 135,745); 3, Austin Metro (114,550); 4, Ford Fiesta (110,165); 5, Vauxhall Cavalier (100,081); 6, Vauxhall Astra (46,412); 7, Triumph Acclaim (42,188); 8, Volvo 300 series (30,412); 9, Datsun Sunny (28,767); 10, Ford Granada (28,590).

● Overseas sales of Jaguar cars last year were nearly 56 per cent higher than in 1981 and exceeded the most optimistic forecasts of BL's luxury car division.

Sales abroad were 15,300, compared with 9,874 in 1981. Of these, 10,349 were in the U.S., which has far overtaken the UK as Jaguar's prime market.

Jaguar sold just 4,700 cars in the U.S. in 1981. Earlier this year it forecast that sales might reach 9,000. As late as November, it was thought that the total might approach 10,000, worth £150m.

UK sales reached 8,445, 14 per cent up on 1981.

The company hopes 1983 will mark the turning point for Jaguar on the European Continent, particularly in West Germany where it intends to tackle its major rivals, Mercedes and BMW, in their home market.

Only about 1,000 Jaguars a year have been sold in West Germany out of a total of 60,000 luxury cars. The company expects to double that in 1983. It believes, that it should be possible by the end of the 1980s to command 10 per cent of the West German luxury car sector – representing 5,000 to 6,000 cars a year.

Left-wing Labour candidate reselected

By John Hunt

MR PETER TATCHELL, whose extreme left-wing views have caused bitter controversy in the Labour Party, was overwhelmingly reselected last night as the parliamentary Labour candidate in the forthcoming by-election in Bermondsey, South-East London.

The decision by the local party means that an internal battle will take place in the constituency, which will be damaging to the Labour Party nationally in the run-up to the general election.

Mr John O'Grady, a moderate who is a former Labour leader of Southwark council, immediately confirmed that he will fight the by-election as an independent Labour candidate opposing Mr Tatchell.

Mr O'Grady will have the support of Mr Bob Mellish, the former Labour chief whip, who was Member of Parliament for the constituency for many years but resigned the seat in protest at the activities of the far Left.

The choice of Mr Tatchell, who is 30 and Australian-born, is an embarrassement for Mr Michael Foot, the Labour leader. When Mr Tatchell was originally selected a year ago, Mr Foot said that he was not an endorsed candidate of the party

The original selection was overruled by the party's national executive committee (NEC) but is seems likely that the NEC's organisation committee, which meets today, will approve his candidature.

The party's difficulties are compounded by fresh quarrels over the activities of the Trotskyist Militant Tendency. At today's meeting moderates will protest at a report from Mr Jim Mortimer, general secretary of the party, which they believe will let Militant "off the hook."

£2bn tax relief plan in Howe budget options

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE RAISING of all income tax allowances and thresholds by 10 per cent is one of the favoured options being prepared by Treasury officials for the March budget.

This course seems likely to be chosen in preference to concentrating the whole of the budget "give-away" on help to industry.

The total amount of the tax reductions is expected to be about £2bn or a little more, although Sir Geoffrey Howe, the Chancellor of the Exchequer, will not start to take decisions until after he has seen the Treasury's next economic forecast.

In its autumn statement and forecast the Treasury suggested that the Chancellor would have about £1bn available for tax cuts, but that was based on very tight assumptions about the Government's borrowing requirement next year. Some relaxation of the borrowing requirement, together with the inclusion of the "feedback" effect of tax cuts in stimulating the economy, could enable the Chancellor to announce £2bn of tax cuts without a major detour from his financial strategy.

All the indications are, however, that Sir Geoffrey will disappoint those in his own party who would like the budget to be something of a pre-election bonanza.

He has provisionally rejected the idea of a cut in the basic rate of income tax, because although this would undoubtly be popular with his supporters, a 1p reduction in the basic rate would cost about £1bn in a full year.

Instead, he is likely to go for a more "cost effective" plan to raise allowances and thresholds by more than the rate of inflation. The figures now being discussed in the Treasury are a 4 per cent increase in the allowances, in addition to the 6 per cent needed to compensate for inflation.

Fully indexing income and capital gains taxes by 6 per cent would cost about £1.2bn in a full year. Raising all the allowances and thresholds by a further 4 per cent would cost an extra £800m. The 6 per cent indexing is already included in the Treasury's assumptions.

Much the largest cost (and benefit) would be from the raising of personal income tax allowances which would provide about 87 per cent of the relief. By contrast, the cost of indexing higher rate tax thresholds accounts for only 5 per cent of the total indexing cost.

If Sir Geoffrey limits income tax relief to a 10 per cent increase in thresholds and allowances he should still have some money left over to help industry or to reduce the burden of indirect taxes.

● **Peter Bruce adds:** The Government will come under pressure this week to cut personal taxes in this year's budget during talks the Institute of Directors (IOD) plans to hold with Sir Geoffrey and Mr Patrick Jenkin, Industry Secretary.

A delegation led by Mr Walter Goldsmith, IOD director general, is due to meet Mr Jenkin tomorrow morning and will hold talks with the Chancellor on Thursday.

ICI fabric gets silk weavers in a spin

By Anthony Moreton, Textiles Correspondent

A textile row which has all the makings of the confrontation between David and Goliath has started between the tiny Silk Association of Great Britain and ICI Fibres.

There is one major difference, though, between the Biblical battle which laid low the giant and the present dispute. David is not sure if he is going to win and Goliath has not even been told there is a battle on.

The dispute stems from the introduction nearly two years ago of Mitrelle, a polyester (man-made) yarn which ICI Fibres suggested was comparable to "some of the finest silk-like fabrics to be found." The company has now followed this up with double-page full-colour advertisements in four glossy magazines drawing attention to the affinity between Mitrelle and silk.

"Ah," said the Silk Association, which represents some 12 weavers operating throughout the UK, "some of these advertisements imply that silk is inferior to Mitrelle." Then it became annoyed and refused to say what it would do to defend the image of silk. "It is not in the interest of the Silk Association to announce the actions which are being taken to protect silk," it said.

Truth will out, of course, and it emerged that the Silk Association was reporting ICI to trading standards officers around the country to let them judge whether an offence had been committed.

"The trouble is," according to Mr L. Rheinberg, chairman of the association, "it is difficult to understand the wording of the Trading Standards Act." Not that any of this daunts David. A year ago the Silk Association took on Harvey Nichols, the London store, over an advertisement comparing polyester to silk, and won.

But as nobody has officially told ICI Fibres in Harrogate the company is not sure what it is doing about the matter.

UK's fuel surplus increases

By Our Energy Editor

THE UK'S surplus of fuel is growing. Latest government figures show that the country's production of energy is exceeding demand by about 26 per cent.

This confirms the UK as the only major industrialised country with a positive energy balance.

During the three months September-November UK energy consumption fell to the equivalent of 75.8m tonnes of coal, 3 per cent less than in the corresponding period of 1981.

In contrast, domestic production of fuels rose to the equivalent of 95.5m tonnes of coal, 7.3 per cent up on the September-November quarter of 1981.

North Sea oil and gas production accounted for much of this rise.

Recovery 'to fizzle out by end of 1984'

BY JEREMY STONE

A WEAK and short-lived recovery is predicted for the UK economy by stockbrokers Capel-Cure Myers in its 1983–1984 forecast, published today. Hopes for a major upturn will be disappointed, it says, and by the end of 1984 recovery will have fizzled out.

In the short term, Capel-Cure sees room for consumer spending to go on growing as inflation falls steeply, giving a lift to real consumer incomes. Since it also assumes that the Chancellor will angle his last pre-election budget at the personal sector – cutting taxes by £1.5bn to £2bn – consumer spending is forecast to rise by 2 per cent in 1983.

Propelled by the falling exchange rate, inflation is forecast to take off again after reaching a low of 4 per cent in May this year, and by 1984 prices are again seen as rising faster than earnings. As a result, consumer spending would begin to fade. Stock-building would reinforce this pattern, giving a useful boost to the UK economy in the second half of 1983, but falling away thereafter.

Even with rising demand, unemployment is forecast to continue rising all throughout the period, much of the additional consumption being met from imports. Calculated on the new basis, unemployment reaches 3.2m by the end of next year.

The international background is assumed to be rather more favourable in 1983 than it was last year. The U.S. economy, crucially, is assumed to grow by about 2 per cent this year. For that to happen, the U.S. authorities are expected to lead world interest rates downwards, helping to induce a modest expansion of world trade.

The downward trend in world interest rates eventually would allow appreciable cuts in UK rates – Capel-Cure forecasts clearing bank base rates of 8 per cent for the end of 1983. But sterling would remain under continual pressure; by the end of 1984 its effective exchange rate would be down to 78 on the Bank of England's trade-weighted index, a decline of about 5.5 per cent from its present value.

The major bright spot in Capel-Cure's forecast is a spurt in company profits. Increases in volume and better trading margins, together with a lower exchange rate – which is flattering to overseas earnings – should combine to boost pre-tax profits by about 16 per cent this year and a further 13 per cent in 1984.

UK NEWS

Shell plans low-lead petrol plant

SHELL UK is to build a £58m low-lead petrol plant in Ellesmere Port, Merseyside. The complex will provide jobs for 400 workers during its peak construction phase.

The major contract for the design and construction of the plant at Stanlow Refinery in Ellesmere Port has been awarded to Procon (Great Britain), a subsidiary of the U.S. group, Universal Oil Products.

Shell's decision to build the plant follows the UK Government's directive that the lead content in petrol must be reduced from January 1986. This must be achieved without reducing petroleum octane rating requirements.

Site preparation for the plant has already started and the project is expected to be completed within two years.

The plant will use a catalytic reforming process to produce high octane components, which will then be blended into petrol. The platforming process has been designed by Universal Oil Products.

Shell said the plant would be its first for producing low lead petrol, and should be able to meet the company's entire requirements for the product when it comes onstream in 1985.

Last May the Government bowed to health and environmental concerns by issuing a directive that the legal limit for the amount of lead in petrol would be cut by two-thirds by the end of 1985. The permitted level will then be 0.15 grammes per litre, compared with the present 0.4 grammes per litre.

Port action urged

A LIVERPOOL City Council committee will today consider a report calling for urgent government action to ensure survival of the Port of Liverpool.

The report, drawn up by the council's planning officer, stresses the Mersey still has significant problems to overcome if it is to achieve lasting viability. It comes when the Mersey Docks and Harbour Company is facing what could be a make-or-break year after trading losses of £12m in the 18 months up to the middle of last year.

Last month the Government wrote off £36m loan charges owed by the company, but at the same time withdrew any further financial grant aid. The company has made alternative arrangements to keep in business.

The report says there is an urgent need to strengthen both the port and the regional economy. It recommends more direct assistance and a more equitable European policy of port subsidies to ensure fairer competition.

It also urges the Government to modify its regional aid policy.

Shore challenge

MR PETER SHORE, Labour's shadow Chancellor, has called on Mr Robin Leigh-Pemberton, the next Governor of the Bank of England, to state "without delay" his attitude towards his new post and to explain his reported readiness "to resist" any Government policy which led to an overvalued exchange rate.

Mr Shore said he believed the present exchange rate was overvalued, and in a letter to Mr Leigh-Pemberton he said: "I would expect the Governor of the Bank of England, as I would expect all my official advisers, to give me their best advice on this as on other policy matters."

Builders hopeful

BRITAIN'S housebuilders are more optimistic than at any time during the present recession. Most of them expect better business in 1983 at a time when costs, in relative terms, have been held in check.

A state of trade inquiry from the House-Builders Federation shows that more than 90 per cent of the 215 house builders surveyed expect to maintain or improve on their present level of activity in 1983, with 58 per cent anticipating an increase in housing starts.

Meanwhile, the housing cost index published in the latest Building magazine shows that last year the cost of building a house rose only 7.4 per cent – the lowest annual increase since 1973.

Beer output falls

BEER production last year fell by about 3 per cent according to the figures published by the Brewers' Society. These show that from January to November, the UK produced 33,826,626 bulk barrels, a fall of 2.9 per cent on the previous year.

Factory closure

DRG, the former Dickenson Robinson packaging and stationery group, is to close its Liverpool-based paper cup business, with the loss of 160 jobs. DRG Cups and Containers will close in April.

TEXTILE INDUSTRY ACCUSED OF WASTING GRADUATE TALENT

Designers lured abroad

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

MARY WILLIAMS left Liverpool Polytechnic with a degree in textiles and at once decided a work in Italy. "The Italians are a lot more receptive to the work of designers," she said.

"Lots of British students go to work in Italy and of my colleagues in college most do their work for abroad," she added. "The Italians will take a gamble whereas British companies are much more staid. The reason is probably financial. Too few British companies have the money to invest in new graduates and their ideas."

Mary Williams' view of British industry is commonly held among students studying textile design. It finds an echo among some teachers. The British textile industry, they say, simply does not make use of the students coming out of the colleges and this is one reason for its decline in the face of Italian, West German, French and American competition

Industry denies the charge. "The main fault is the distance between teaching and industry," according to Susan Collier, a designer-converter who runs Collier-Campbell with her sister, Sarah Campbell, in South London.

"It is not student courses that are at fault but the unwillingness of many teachers to get involved in industry," she said. "To many teachers go into teaching to avoid industry. They go there to avoid the stress of having to make a profit.

"They are therefore not in a particularly good position to guide students. They do not tell their pupils that art school cannot be anything but a first step in an apprenticeship. The second step must be to work in a studio.

"You need the disciplines of work superimposed on the freedom of art school."

Some teachers recognise this. John Crowe, of the Royal College of Art in London, agreed that "a lot of students do have trouble in finding jobs and it is partly because the student is not sufficiently prepared. She –most textile students are girls – is simply not prepared for work."

He believes, however, that British industry does not sufficiently appreciate the concept of design. "Much of the trouble is that companies often regard design as a subsidiary of production or marketing.

"Unfortunately, not many companies are willing to let designers do their own market research. A managing director confronted with a funny-looking girl in jeans and with coloured hair would rather trust his wife's opinions than the girl who has been trained for the job."

Within industry there are some who accept this view. Sid Sykes, merchandising and design director of CV Home Furnishing, the Carrington Viyella subsidiary which produces the Dorma range, believes that industry does not employ enough designers.

He has a design team of 16 and has taken on three students this year. "I try to do that every year and also try to see all those who write to me.

"Some of the trouble, though, also lies with the colleges. In my four years in this job not one of the big colleges has written to me to ask me to show students around. That is a sad indictment of them."

There are about 18 colleges and two universities – Leeds and Manchester's Institute of Science and Technology – which produce about 2,000 textile graduates a year. In addition there are probably another 20 institutions which have textile courses.

The better ones, like Trent in Nottingham, Liverpool, St Martin's in London, the Scottish College of Textiles and Newcastle Polytechnic, relate to industry's needs.

Trent took a stand at the Fabrex exhibition in London last year. "We went to Fabrex," Professor Edward Newton, head of the department of fashion and textiles explained, "because that is where the industry is. We cannot expect them always to come up to Nottingham.

"We have a good record of placing students in studios, despite the recession and the intensity of competition."

BUILDING AND CIVIL ENGINEERING

CONSTRUCTION PROSPECTS

Recovery could cause problems

THE EXPECTED recovery in UK construction output this year could actually be to the detriment of main civil engineering contractors, say London stockbrokers Savory Milln in their latest building bulletin. They see housing, and a revival in repair and maintenance work, as the main planks of the 1983 upturn.

"We could now be entering an era," say the brokers, "when demand for housing and improvement works has the effects we feared (i.e. inflationary) on contractors' costs without any compensating increase in demand for the main contractors' services."

Their argument is based on the limited nature of the recovery they expect. "Recent Government measures," they say, "have been concentrated at local authority level where the capital underspend has been substantial. The type of project that could be put in hand to finish by March 1983 was, however, limited to small, primarily improvement, works."

Shortages

Savory Milln couple this with the "now very evident" effects of the 90 per cent improvement grant scheme introduced in the 1982 Budget (now extended until April 1984) to back up their forecast that the late 1982 recovery in repair, maintenance and improvement work will continue strongly throughout 1983; they forecast a 5 per cent increase for RM & I work this year, and the same for 1984.

RM & I is labour intensive (good for the government) and probably good for building materials suppliers and builders' merchants. However, increased demand for materials used in improvement works, say Savory Milln, may soon lead to shortages of materials which will:

- facilitate manufacturers' price increases;
- wipe out the merchants' discounts which have helped contractors' margins in recent years; and
- lead to costly hold ups on major projects.

At the same time, they say, there is little sign of any substantial boost to public sector new works with the possible exception of roads. In the commercial and industrial sectors they expect new work demand to fall over 1983 and 1984.

"There will be a major swing in the 1980s, throughout all sectors of the economy, from new construction to renovation," they maintain. "The main contractor will have to adapt. Yet again we suspect that the giants will be the slowest to react."

Savory belabour the point, and especially the industry's "big four"—Costain, Laing, Taylor Woodrow and Wimpey—even though the latter's shares have fallen by 14 per cent since August against a 17 per cent rise for the construction sector as a whole.

"The factors which saw most UK orientated contractors comfortably through the recession, settlements on old contracts (especially in 1981), lower than expected costs, and healthy receipts on liquid balances, are no longer likely to be sufficient to outweigh the effects of ever sharper pencils on tender margins."

"Overseas the effects of international competition, coupled with the recession, are beginning to come home to roost," they say. "We detect that the rate of profit growth is slipping, in many cases into reverse. Only the most entrepreneurial companies will be able to resist the trend, only the most conservative will have the resources to disguise it."

WILLIAM COCHRANE

More starts in Japan

JAPANESE HOUSING starts fell 2.6 per cent in November to a preliminary 98,420 from a revised 101,025 in October, when they were up 2.7 per cent from September, according to figures from the construction ministry.

The November total was 13.6 per cent up on the 86,640 starts of November 1981, against a 14.8 per cent year-on-gain in October.

The November year-on-year rise was helped by an increase in the number of starts backed by low-interest loans from the housing loan corporation, it said.

OUTLOOK FOR BRAZIL

Aggressive search for work abroad

"WE DON'T have civil engineering problems in Brazil; the only problem we have is money." Tamas Makray, chairman of Promon Engenharia, succinctly sums up the major challenge facing his and other civil engineering groups in a country where vast distances, huge projects and 100 per cent annual inflation can lead to astonishingly high project costs.

Promon, for example, is playing a major civil engineering and consulting role on the world's largest hydroelectric scheme, the Itaipu and Parana basin project, which involved a $15bn investment, the excavation of 60m cu metres of rock and earth (plus the subsequent placing of 11.8m cu metres of cement) and the employment of 35,000 workers. The scheme will provide an electrical output of 12,600 MW.

The Sao Paulo-based group is also involved in the controversial Brazilian nuclear power programme (controversial because it is argued there is no need for nuclear energy with vast projects like Itaipu) the gigantic iron ore mining/port complex at Carajás, development of the Metro systems for both Sao Paulo and Rio de Janeiro and a host of other smaller engineering projects throughout the country.

Lucrative new foreign markets

Mr Makray boldly asserts that most of the major projects in Brazil have been built, and "it is now time for us to look abroad." Overseas contracts represented 10 per cent of Promon revenues of $79.2m for 1981-82 and Promon — like the entire Brazilian civil engineering sector — is starting to search aggressively for new lucrative foreign markets.

With its experience of major civil projects, built up over the past 25 years, Brazil's engineering sector is perhaps the most competent in all South America, and is beginning to find a significant role to play in Third World engineering work.

Mr Makray says civil engineering is "a relatively new profession in Brazil, and has developed rapidly from the late 1950s, when foreign engineering concerns were supplanted by budding domestic groups and partnerships. We now have civil and structural engineers of world class standard."

The search for overseas work is not unrelated to the fact that most Brazilian engineering projects have been either delayed or shelved due to the country's current economic state, and that the hoped for industrial recovery in 1983 may not take place.

Joint ventures represent a viable method of expanding overseas work. Promon has already worked with ASEA of Sweden on Itaipu and has conducted design work on a Chilean hydro-power project in association with local consultants. Local operating companies have already been established in Nigeria and Chile.

Promon Geofisica Ltda, a joint venture between Promon and Horizon Exploration, has undertaken seismic work for Petrobras in the Amazon and processes seismic data for a large number of international oil and gas groups, including BP.

Uruguay's National Electric Power Company receives consulting services for the country's power load dispatching system from Promon. In Venezuela, Promon gives technical aid to a Brazilian contractor on the Guri hydro-electric power project.

Diversifying

Because of the contraction of large scale engineering projects Promon is steadily diversifying into associated fields. In Nigeria for example, it provides engineering and supervisory services for the installation of the National Telecommunications System in four separate states.

"We started out as a process engineering group" Mr Makray explains, "and we have since moved into a mass transit, hydro-electric power, nuclear power and telecommunications—such as Brazil's satellite development. Now we are looking at electronic software. It's essential to examine new industries at least new by Brazilian standards, and see where we can generate more challenges and profit for our group.

"Over 1,000 of the company's workforce of 3,000 are trained engineers, and because only employees of Promon may be shareholders in the company, productivity and loyalty are strong."

Mr Makray forecasts "because we are moving into new fields and constantly looking at new opportunities, Promon will be radically different in 10 or 20 years' time. But then again, so will Brazil."

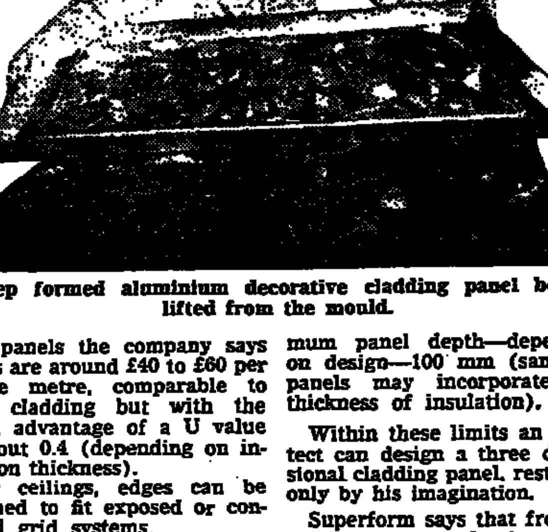
PAUL HANNON, *Recently in Sao Paulo*

Aluminium for architects

ARCHITECTS who have wished to design their own decorative cladding panels have often been deterred by the high cost and long lead times of conventional methods of production. Now a cladding panel technology has been developed which is claimed to offer dramatic cost reductions.

When superplastics aluminium alloys called Supral were developed to the commercial application stage Superform Metals was established to exploit their deep-forming characteristics.

This allows a Supral sheet to be formed into intricate shapes in one operation without the need for expensive, matched tools, which can be between 10 and 25 times as expensive as those used by Superform Metals.



Deep formed aluminium decorative cladding panel being lifted from the mould.

The sheet is formed by raising it to the ductile temperature, then forcing it over or into moulding tools with compressed air.

Continuous seamfree contoured surfaces to close engineering tolerances can incorporate textures, motifs, corporate logos or geometic designs. For external use, bonded structural panels can be insulated and their edges trimmed to fit any standard cladding of glazing system. For those cladding panels the company says prices are around £40 to £60 per square metre, comparable to glass cladding but with the added advantage of a U value of about 0.4 (depending on insulation thickness).

For ceilings, edges can be trimmed to fit exposed or concealed grid systems.

After forming, the panels can be anodised, painted or plastic coated.

Maximum plan dimensions are 2.4 by 1.2 metres and maximum panel depth—depending on design—100 mm (sandwich panels may incorporate any thickness of insulation).

Within these limits an architect can design a three dimensional cladding panel, restricted only by his imagination.

Superform says that from inception to pre-production panels will take from eight to 14 weeks, at an average cost of around £4,000.

TONY FRANCE

CONTRACTS

£22m roadworks for Monk

Three contracts have been awarded to **A. MONK AND COMPANY**, which total £22.7m. The Department of the Environment and Transport has awarded a £19.5m contract for the construction of the South Docks Road, Kingston upon Hull, Humberside. This involves building 8.45 km of dual two-lane carriageway, starting at Ferriby bypass and connecting with Hessle Road on the A1105. Completion is scheduled for the autumn of 1985. In Southampton the City has awarded a £3m contract for the construction of a bypass in Bitterne. At Portland, Monk is to build a receiver station for the Property Services Agency at the naval base. The contract is valued at about £200,000.

*

Contracts worth over £7m have been awarded to **TARMAC CONSTRUCTION** companies. One of the largest, worth about £1.3m, has been awarded to Cubitts Management Contracts—part of Tarmac Regional Construction—for partially rebuilding a factory at Queenborough, Isle of Sheppey, for Canning Town Glass. The same company has also won a £600,000 contract for repairs to Phoenix Place, Dartford, for the Co-operative Housing Society. Other Cubitts contracts include new offices for the BBC in Glasgow (£962,000); and maintenance and minor building works for the British Gas Corporation in Liverpool (£400,000). Work awarded to Tarmac Regional Construction includes improvements to the A6072 Redworth to Shildon Road, Durham, for Durham County Council (£589,004), and modernising 28 homes at Blakedown, Worcestershire, for Wyre Forest District Council (£203,00). Tarmac Refurb has a £222,000 contract for work on a hall and toilet block at Montgomery School, Birmingham, for Birmingham City Council.

*

Housing repairs worth over £1.6m are to be carried out in the London Borough of Southwark under three contracts awarded to the southern region of **JOHN LAING CONSTRUCTION**. At the North Peckham estate, more than 1,300 front doors, frames and panels to flats are to be replaced over five month under a contract worth nearly £1m. At the Rye Hill Park Estate, also in Peckham, has started on a £509,000 contract lasting 42 weeks to replace defective windows, renew roof coverings and repair balconies, along with other external remedial work. Also under way is a maintenance programme lasting until next autumn at Strood House, on the Tabard Gardens Estate, under a £136,974 contract.

Request to raise relief on mortgage

A PLEA to the Chancellor to raise the £25,000 tax relief ceiling on mortgages and to introduce a new system of grants for industrial buildings has been made by the National Council of Building Material Producers in its policy suggestions for the 1983 Budget.

In an annual crie de coeur from the building industry, Mr Nigel Chaldecott, BMP's director general, says that the £25,000 limit for mortgage tax relief has remained unchanged for eight years during which time "house prices, average earnings and retail prices have all risen by nearly 2½ times."

Mr Chaldecott in a letter to Sir Geoffrey Howe, stresses that raising the mortgage threshold for tax relief would stimulate the housing market, the construction industry and would also encourage greater mobility in housing.

BMP also proposes that a new form of grant should be introduced to compensate companies who are unable to benefit from existing industrial building allowances because their profitability is not sufficient to take advantage of tax concessions.

* * *

THE BRITISH and Dutch Woodworking Federations have presented a detailed "anti-dumping" case to the EEC against what the federations regard as unfair and damaging imports of external panel doors from Taiwan.

The British Woodworking Federation says it has been estimated that well over 500,000 doors could be involved in unfair price undercutting.

The Federation claims that dumping was causing damage to both the UK and Netherlands door manufacturing industries and hitting at jobs at a time of continuing severe downturn and recession in the industry.

The British and Dutch case has been submitted through the European Joinery Federation (FEMIB).

TECHNOLOGY

EDITED BY ALAN CANE

DIAGNOSTIC IMAGING GROWS IN THE UNITED STATES

NMR offers new look at health care

BY MAX COMMANDER

AT A TIME when the National Health Service is threatened by closures of specialist units, reductions in the degree of care for seriously-ill children and, more recently, one cancer specialist claiming that the health service unions have made his job impossible, it is refreshing to look at projected health care expenditure in the United States.

One of the fastest growing segments of the U.S. health system in the past 10 years has been diagnostic imaging. This can cover a multitude of systems from simple X-rays to the very latest tool—nuclear magnetic resonance (NMR).

In a recent study of the diagnostic imaging industry in the U.S., Hambrecht and Quist, the San Francisco investment bankers, pointed out that U.S. domestic sales of imaging equipment more than doubled from $665m to $1.4bn between 1976 and 1981. By 1986 imaging equipment sales are expected to increase by another 70 per cent to $2.5bn.

U.S. MARKET ESTIMATES FOR DIAGNOSTIC IMAGING EQUIPMENT: 1976-1986

Modalities ($m)	1976	1980	1981	1982E	1985E	1986E
X-ray	393	555	600	614	521	491
R/F (radiographic/fluorographic)	275	427	450	462	364	331
RO (radiographic only)	118	128	150	152	157	160
Digital X-ray	—	—	20	209	570	666
CT (computed tomography)	112	264	378	472	525	490
Nuclear medicine	85	140	150	158	155	145
Gamma cameras	76	100	104	112	121	123
Data processing	9	40	46	46	34	22
Ultrasound	75	191	264	329	406	436
NMR (nuclear magnetic resonance)	—	—	—	19	175	245
Total	665	1,150	1,412	1,791	2,350	2,473

Source: Hambrecht & Quist

Acoustic

The report points out that the growth and expected growth has been triggered by technological innovation. Up to the 1970s radiologists had only conventional X-rays and some nuclear-based medicine with which to make diagnoses.

But, today, imaging tools include computed tomography and ultrasound. The latter makes use of acoustic waves to map the body in much the same way that ships use sonar to map the seabed.

Nuclear medicine simply uses radioactive tracer materials to pinpoint disease processes, while computed tomography (CT) makes high resolution cross sectional images using a mathematical reconstruction of a large number of single line source X-rays.

The system uses X-rays to help draw computer pictures of slices through an organ or other anatomical structure.

More recently, a computerised X-ray technique called digital substraction angiography (DSA) has received much attention from radiologists for the study of the cardio-vascular system by means of a radio opaque media.

Enormous amounts of money are involved but the whole system is about detecting what might go wrong within you without using invasive techniques. (This is a nice way of saying that the surgeon may not need to unsheath his scalpel.)

But now on the medical diagnostic horizon is a technique called nuclear magnetic resonance (NMR). This is just emerging from the research and development stage, but which, if its promise is fulfilled, might, says Hambrecht and Quist, achieve at least $245m sales in the U.S. by 1986.

Some researchers into NMR believe that the system has almost limitless potential as an imaging technique. So far it has shown no hazard to the patient and promises to provide detailed anatomical and chemical analyses of internal structures.

In fact, it can already provide pictures by looking for hydrogen—an element common to all living matter.

NMR is still relatively untried in clinical practice. It is believed that only about 10 to 15 systems are in use throughout the world, but experts believe that it provides one of the most exciting breakthroughs in finding something to provide a complete window to the human body.

Prices

Although the San Francisco report is intended mainly for investors in the U.S., it is important to realise that much of the pioneering work on NMR was carried out in the UK.

As Hambrecht and Quist stress, NMR does not come without a price. Manufacturers' quoted prices now range from $900,000 to $1.8m per unit. In the U.S. NMR now has to meet Federal evaluation as to its potential usefulness and this could restrict installations to no more than 285 by 1985.

Subject to that evaluation installations could grow until a domestic saturation level of about 1,500 units is reached.

In 1981 total U.S. health care expenditure reached $287bn of which diagnostic imaging, including equipment purchases, supplies, consumables, labour costs and professional fees represented only about 3 per cent.

Fragment

Costs of diagnosis imaging equipment have risen steadily at about 15 to 20 per cent per year since 1976 and, despite possible cutbacks will probably continue to rise at between 5 to 8 per cent at least until 1986.

Critics in the U.S. see diagnostic imaging as a perfect target to reduce expenditure but specialists point out that whatever the system, diagnosis takes up only a fragment of the total health care budget. If used appropriately expenditure on diagnosis can save a good deal of money later.

Two areas, at least are stressed. Radiology, it is said has been criticised for its large labour costs but as diagnostic imaging becomes more sophisticated less labour will be required; computer storage will be able to replace the considerable areas required for X-ray film storage.

When CT scanners were introduced in 1974 many people regarded the equipment as an "expensive toy" for radiologists, who would buy them, regardless of cost and thus push up U.S. health care costs.

Again, the reverse proved to be true. The U.S. national cost of diagnosing cranial disorders in 1977, if CT had not been available would have been about $1.14bn. The total cost including CT scanning for that year came to $1.17bn.

The figures are constant despite the extra number of patients able to be screened and do not take into account increased diagnostic accuracy, ease of diagnosis, patient comfort and the reduction of morbidity and mortality that CT can provide.

Exploratory

Non-invasive procedures have also eliminated nearly 85,000 pneumoencephalograms (a procedure in which cerebrospinal fluid is replaced with air before standard X-ray imaging). In addition it is reckoned that in the U.S. CT has also replaced about 25,000 exploratory surgery operations each year and has also eliminated hospital stays for exploratory surgery, which before averaged three to 12 days.

The report takes a close look at screening for breast cancer and says that early diagnosis is essential for effective therapy. Ten years ago the smallest cancerous lesion that could be discerned on a mammogram was 2 cm in diameter. Now, 1-2 mm lesions can be detected, thus eliminating many radical mastectomies and frequently catching the cancer before it starts to spread.

One of the points also made is that the Western world has a growing number of elderly people and most of these need early diagnoses and subsequent health care. It suggests that cheaper examinations could be performed outside hospitals—at free-standing imaging clinics, for example. These already exist in the U.S. and could begin to grow rapidly within the next few years.

The real future in diagnosis probably lies with NMR. If all the claims come true it could replace X-rays, CT, nuclear medicine and ultrasound. Its theoretical potential will be difficult and time-consuming to achieve. In the next three or four years scientists, computer experts, radiologists, pathologists and chemists will be evaluating NMR to decide whether it should be a widely used diagnostic tool or simply a limited research instrument.

David Fishlock, Science Editor of the Financial Times, reported on the earlier developments of NMR (FT, June 25 and 30). NMR resulted from a laboratory technique as long ago as 1952, which won the researchers a Nobel Prize for physics.

Basically, it is an extension of NMR spectroscopy which employs a large circular magnet in which part or whole of the patient to be studied is placed.

It is also an area where Britain has played a leading part in the research and where computer companies can also cash in on the new technology. Mainly, three types of companies compete in the diagnostic imaging industry. These are General Electric in the UK, Johnson and Johnson, the Squibb Corporation, NV Philips, Siemens, and smaller companies involved in the supply of high technology sophisticated equipment.

Pertinent

One of these is Oxford Instruments, a company which among other products, produces super-conducting magnets, some for NMR. Oxford Instruments says that it has orders for magnets to keep the company going for the next five years.

Basically, of course, the Hambrecht Quist report is all about leading investors into the right path to make money out of high technology companies. Whether these are in the U.S., Europe or the UK is really of no matter. What is important is that a lesson should be learnt—probably pertinent for the NHS—that it is better to spend money early on diagnosis rather than have your local GP prescribe pills galore for some disease which, perhaps, you didn't have anyway.

FIBRE OPTICS

Britain and Japan undersea plans

BY GEOFFREY CHARLISH

ANNOUNCEMENTS HAVE recently come from both Britain and Japan of plans to lay undersea fibre optic telecoms cables.

British Telecom has placed a £600,000 order with Standard Telephones and Cables for a link between Portsmouth and Ryde in the Isle of Wight. The 15-mile (23km) link, which will employ no en-route repeaters, is planned to come into service in 1985.

The cable contains four pairs of fibres of which two will be used initially, one active and the other on stand-by. Each fibre pair can carry about 2,000 phone calls at the same time, or the equivalent data for other services.

The system is digital — a stream of very short on-off pulses is transmitted—and the use of low loss monomode fibre means that the pulses do not have to be regenerated en-route. Had the less advanced multimode fibre technology been used, repeaters would have been needed at intervals of eight to 10km.

BT has named its optical system "Lightline" and for overland applications £13.5m of contracts were placed in the summer of 1982 with STC, GEC and Plessey, for use on 35 roues. A total of 3,000km of cable has been ordered from the UK industry. By the end of the decade, BT plans to have converted about half of the trunk network to fibre.

Monomode fibre cable has important advantages for telephone authorities. On land, the long repeater spacing means that, when regenerators are needed (at 30 to 50km intervals), they can always be housed in buildings rather than roadside manholes, making access easier and maintenance cheaper. In undersea systems, the total cost is cut because there are fewer repeaters.

From Japan comes news of a 6,700km fibre optic cable to Hawaii, to be laid by Kokusai Denshin and Denwa (KDD) in 1988. Despite the estimated $170m cost, the cable is still cheaper than the current satellite technology, according to KDD.

In Japan there are also plans for a land-based "information network system" or INS, to be implemented by the country's PTT, Nippon Telephone and Telegraph (NTT).

Sources in Japan indicate the expected cost to be between $85.5bn and $128bn by the time the system is completed in the middle of the next decade. INS will mean that the entire Japanese archipelago will be wired for telephone, data communications, facsimile and image transmission.

Nippon Electric Company (NEC) and OKI Electric are the leading participants in the work and local manufacturers of fibre are gearing up to produce large amounts.

Sumitomo Electric Industries, for example, can turn out 10,000 kilometres a month, while another 11,000km can be made by Furukawa Electric and Fujikura Cable Works. Analysts are predicting a $1bn Japanese market by 1990.

In September NTT began wiring homes and companies in two Tokyo suburbs in the first test of INS. It plans to instal 250 digital telephone sets and 750 video terminals in the two test areas. In addition, a pilot two-way TV system using optical fibre is being tested by 168 families in the Nara prefecture in a project backed by the Ministry of International Trade and Industry.

Heating

Trace heating pipes

A SYSTEM for trace heating pipes is available through Thermaflex in Scotland. The company has strips in six-inch wide and 100 ft long lengths for heating industrial pipes.

It consists of a PTFE glass-coated material with copper strip conductors or electrodes fitted along the parallel edges.

The heating element is 0.25mm thick and generates temperatures up to 85degC.

Elements are available at 10W and 20W per lineal foot. They work off a 240V power supply and are easy to fix to the outer surface of the pipe. More information is available on 0592 752212.

Personnel

Computer system

SOME DECADES ago, personnel card systems were developed in which all staff members with say, a maths degree, could be located by pushing a rod through the card pack in the "maths degree" position. Cards not punched in that location could then be easily found and extracted.

Today, computers can do such things at sophistication levels far in advance of the punched card. One such system, called H/R Plus, originates in the U.S. from McCormack and Dodge and is already in use by such giants as the Bank of America, Coca-Cola and MacDonald's.

The system is being anglicised at the moment by RTZ Computer Services and is expected to be ready in June.

A multi-national company for example, might have expertise spread across the world. A system like H/R Plus would be able to help assess what skills are needed and where, and then locate the people with those skills very quickly. It could also help plan career patterns of employees and organise training programmes, as well as provide a database of applicants. More on 0272 24181.

Microcomputer

Integrated circuit

NOW AVAILABLE from Lock Distribution, tel 061 652 7311, is the F38E70. This is an eight-bit microcomputer on a single integrated circuit. This is functionally identical to the industry standard F3870 but has a 2k byte of erasable-read only memory instead of the usual ROM.

The circuit has been designed for low-power operation and runs off a single 5V supply.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Information sought on non-executives

IN HIS efforts to promote the appointment of more non-executive directors to British boards, Jonathan Charkham has found what he believes to be a glaring omission in the report and accounts of many publicly-quoted companies.

Although they have no staurory obligation to do so, a majority of companies do not differentiate in their list of corporate officers between executive directors and their part-time colleagues.

And among those companies which do, only one in an informal survey of 100 companies gave any indication of what qualifications its non-executives had to serve in such a capacity.

Charkham's survey covered a random sample of the report and accounts of mainly larger companies over the whole industrial spectrum. Although it is difficult to quantify exactly how many have any non-executive representation, the latest Board of Directors study by Korn/Ferry International, the executive headhunters, suggests that around 90 per cent are likely to have at least one non-executive director on their boards.

Charkham, a former director of Whitehall's Public Appointments Unit, runs the recently-formed Promotion of Non-Executive Directors (ProNed), a headhunting bureau financed by a consortium of City and industrial institutions, including the Bank of England.

He believes that shareholders are entitled to know the board profiles of the companies they invest in.

Adequate personal information about directors is often only disclosed when they are elected or when a company is floated on the Stock Exchange, he says. Usually, very little information is made available in the annual report and accounts.

"A company's prosperity depends more on the skill of the people who guide it than on any other factor," he says. "It is astonishing that shareholders should know so little about who they are and what they do."

Behind the proposal lies Charkham's strong conviction that every boardroom should contain a healthy proportion of independent directors to counter-balance the traditional executive bias. By identifying the various types of directors a chairman's attention would be focused on the existing balance of his board and whether it were an ideal mix, he says.

Charkham found that 57 of the 100 companies did not differentiate between executive and non-executive directors and only 10 of these provided some additional information about the responsibilities of the executive directors.

The balance neither differentiated between the two types of directors nor gave any additional information about its officers.

The one company that did differentiate and give additional information about its non-executive directors was Montagu Investment Management, the investment arm of Samuel Montagu and Co, the merchant banking group.

Under its list of directors the company gives up to five lines of information about the individual's current and other responsibilities.

This is no more than Charkham feels is necessary. "The Americans already do it simply and without fuss," he adds. "I can't see why we shouldn't."

Arnold Kransdorff

Business courses

Whose industry is it? London. 2-3 March. Fee: £325. Details from Paul Fifield, City Financial Conference Services, 20/24 Ropemaker Street, London EC2Y 9AS. Tel: 588 4274.

The fundamentals of finance and accounting for non-financial managers, Vienna. February 7-11. Fee: Non-members: BFr 56,000, Members (AMA/I) BFr 50,000. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels. Tel: 02 219 03 90.

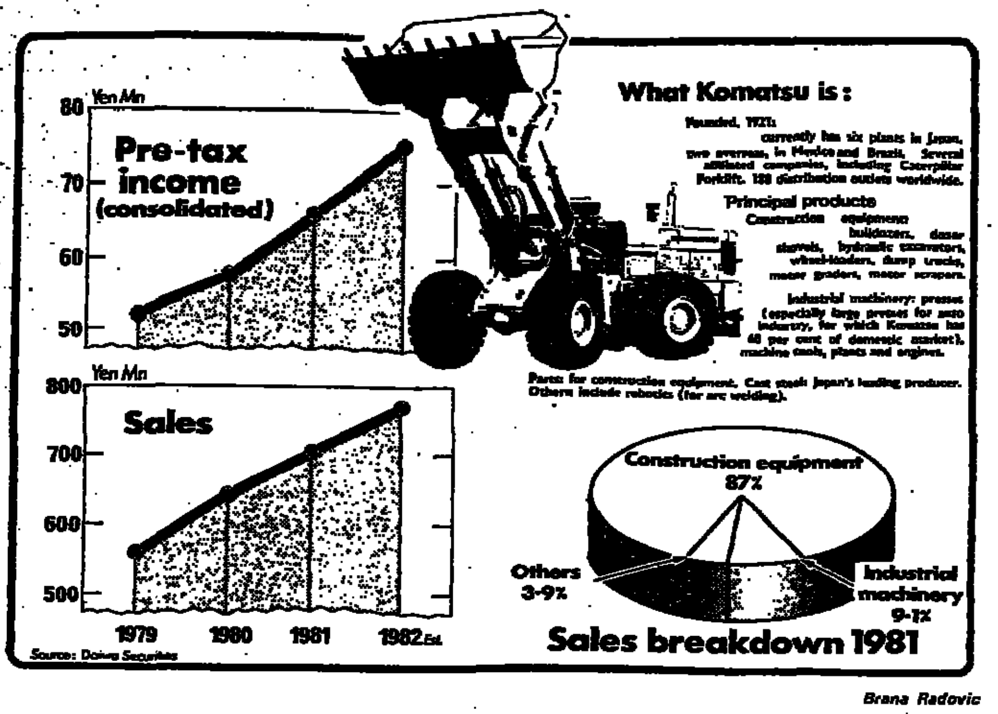
Zero-base budgeting, Brussels. February 14-16. Details from the Registrar, Management Centre Europe, avenue des Arts 4, B-1040 Brussels (Belgium).

Report writing for managers, engineers and scientists. February 7-8. Fee: BIM members £196.50; non-members £218.50. Details from British Institute of Management Foundation, Management House, Cottingham Road, Corby NN17 1TT.

Reflective recall: A new approach to facilitating managerial self-development. February 11. Brunel University. Fee: £125. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

Komatsu: digging in to good effect

Jurek Martin reports on the strategy that produced Japan's leading construction machinery group



Brana Radovic

A HAZY winter sun was setting low behind the *icho* trees that partly obscure the grime of industrial Osaka when the D 455A came over the dirt pile, blade upwards. Down the other side it plunged, pausing briefly to execute two spin turns, its tracks screeching, in a space that would not have disgraced a London taxi, before charging off to shift earth.

With each blast of the foreman's whistle, the rest came in rapid order. The PC 650 hydraulic excavator dug into the D 455A's mound, at 3.3 cubic metres a scoop, and tossed its load into the HD 325 dump trucks. But all three behemoths were suddenly dwarfed by the appearance of the massive PC 1500, 160 tons of steel and microcircuitry welded into one awesome exacavator, its driver perched high up in a cab with a computer to operate the 8.5 cubic metre capacity scoop and am/fm radio to sing along with in his hawk's nest isolation.

Suddenly this slow dance of the yellow monsters was sinuously interrupted by the entrance of a pilot-less green creature—a radio-controlled amphibious bulldozer, weighing in at 43 tons on land, but only 28 tons at its maximum operating depth of about 22 feet.

Another whistle and the team of drivers and radio controllers, each clad in white grand prix overalls, leapt from their charges, trotted at the double into a neat line and bowed in perfect unison.

This type of spectacular may be common in an industry, construction machinery, not otherwise noted for glamour. Certainly the company, Komatsu, normally takes itself extremely seriously. Far less common, however, has been the way in which, in 20 years, Komatsu has risen from the relative obscurity of moving Japan's many mountains and tilling its fields to become a genuine world force—the number two supplier of construction machinery behind Caterpillar of the U.S., with 10 per cent of the world market now and aiming higher.

As the world recession takes its toll on its principal international competitors, with even Caterpillar losing money for the first time in two generations, Komatsu appears to be weathering the storm almost leak-free. Its 1982 sales will approach $2.6bn, 10 per cent up on last year; exports now account for 60 per cent of its own output and it commands the same share of all Japanese foreign sales of construction machinery: its net profits, as the table shows, have shown steady, if unspectacular, growth, but any gain in income in a year like 1982 is not to be sneezed at.

It is true that sales to the U.S. and Europe have suffered of late, but Komatsu's exposure in these markets is, in its broader picture, relatively small. Hitachi, for example, still ships more excavators to the U.S. But Komatsu has recently bought itself out of two commercial tie-ins — with International Harvester for wheel-loaders and with Bucyrus-Erie for excavators—in order to free itself for any subsequent assault on Caterpillar's heartland, if times get better, with a more diversified range of products.

Any disappointment in the U.S. is more than offset by continued growth elsewhere, above all in the ASEAN countries, especially Indonesia and Malaysia. It is here that the battle with Caterpillar, itself in harness with Mitsubishi Heavy Industries, is proving most intense. Both Africa and the Middle East are proving fruitful regions for expansion and the company professes itself unperturbed by the emerging balance of payments problems of the oil-producing nations.

The Siberian and Sakhalin oil construction projects are beckoning again now that the U.S. embargo on supplies to the Soviet Union has come to an end. Even the domestic Japanese market, which Komatsu dominates with a 60 per cent share is, in the company's view, picking up a little.

Mystique

There appear to be two inter-related keys to Komatsu's success — one conventional, the other involving management mystique. To say which comes first is merely to enter into a "chicken and egg" argument. In assaulting overseas markets, which Komatsu first broached less than 30 years ago, it appears to have done all the "right" things: rapidly expanding its international distribution network to the current 180 outlets; computerising its parts and maintenance services; and significantly broadening its product mix from its base in bulldozers.

These still comprise half Komatsu's total output and Komatsu bulldozers now take about a quarter of the global market. But major growth areas are in wheel-loaders and excavators, in both of which the company was partly constrained by its joint ventures with the two U.S. companies. Considerable emphasis is also being placed on ancillary areas, such as robotics.

Komatsu also has two overseas assembly plants, in Mexico and Brazil, though neither is doing particularly well at present.

But all the above is, taken in isolation, unexceptional. What makes it all work, Komatsu executives believe with almost messianic fervour, is the system of total quality control that has been implemented over the past 20 years. Much has been written about Japanese quality control systems and their potential application elsewhere. The Komatsu version does appear somewhat different from the norm, both in conception and execution. The greatest source of corporate pride is the fact that last year Komatsu became only the fifth company to win the Japan Quality Control Prize, considered the equivalent of a Nobel Prize for doing things right. (Previous winners were Toyota, Nippon Electric, Nippon Steel, and Aisin Seiki.)

In the beginning, according to Karuo Shimoyamada, a senior quality control manager, the system was introduced principally as a defensive, almost desperate, measure. In 1961 the liberalisation of Japanese capital investment rules posed a particular threat to Komatsu, then a modest manufacturer heavily dependent on bulldozers in the shape of the promised link between Caterpillar, already the industry's dominant force, and Mitsubishi Heavy Industries.

Komatsu knew at the time that its bulldozers were only half as good as Caterpillar's and concluded it had to improve quality in order simply to survive new competitive forces in its own domestic market.

But Komatsu, Shimoyamada goes on with disarming modesty, had little idea how to go about it. Fortunately one of those old friendships that still very much characterise Japanese business came into play. Ryoichi Kawai, then on his way to the presidency which he held from 1964 until earlier this year, got back in touch with an old school friend, Professor Kaoru Ishikawa, by then the academic guru of Japanese quality control.

Professor Ishikawa's basic advice was that there were two ways to introduce quality control—from the bottom (shop floor) up or from the top (management) down. Kawai's response was that since Komatsu's future looked bleak, there was no alternative but to take the second route, and on a crash basis. Indeed the project was officially called nothing less than "Komatsu's survival strategy."

It has been immensely refined over the years. The basic principle of "top down" remains, though it has been supplemented by a second guiding rule which might be called from the outside in. This means that it is the customer's needs which remain paramount in everything Komatsu does—from product development, through manufacture, to sales and maintenance. Everything, Shimoyamada says, starts and ends with market research.

This, of course, is a well-known characteristic of Japanese research and development effort but Shimoyamada argues that its total application throughout the production process, and beyond makes the Komatsyu system unique even in Japan.

Komatsu operates under a rolling five-year plan, an integral part of which is the president's annual diagnosis, presented each autumn. Its findings are passed down, via division chiefs, plant managers and departmental heads to the shopfloor, each level meeting as a quality circle once a month to work out implementation.

The company claims impressive results. The initial project, known as Circle A, focused mainly on the domestic market. Within two years the reliability of Komatsu bulldozers had doubled. Circle B, introduced in 1972, embraced overseas markets and bigger projects. Its achievements include a 50 to 100 per cent improvement in mean time between failure (mtbf) of Komatsu products, a 30 per cent drop in user repair costs and at least a 20 per cent appreciation in product value.

As part of the process Komatsu managers, engineers and even assembly line workers regularly visit customers, in Japan and overseas, to gain an impression of the customer's real needs.

More difficult, Komatsu executives admit, is the task of getting the two overseas plants and the host of domestic and foreign suppliers, sales and maintenance agents to adhere to total quality control. Komatsu does as much as possible in-house (including making some of its own cast steel, specialised machine tools and, more recently, are welding robots), but it still relies on outside suppliers for about 70 per cent of the material and parts used in Komatsu products.

Paternalism

The complex relationship of big Japanese manufacturers to their subcontractors appears alternatively characterised by benign paternalism, in making sure that work is passed around, and ruthless excision of those who fail to meet standards. So absolute is Komatsu's commitment to quality control that it probably uses the second approach more often than it would care to admit publicly.

But this is a company with ambitious goals which believes it has found the key to success. It is confident it can double its share of the world market for construction equipment within the next five years. Its internal self-confidence in its own methods gives the impression that it will try and achieve this from its potent Japanese base, with an increasingly diversified product line, rather than necessarily setting up manufacturing facilities elsewhere. However, protectionist trends in the world may change the company's perspective.

CONTRACTS AND TENDERS

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(ALGERIAN POPULAR DEMOCRATIC REPUBLIC)

MINISTERE DE L'ENSEIGNEMENT ET DE LA RECHERCHE SCIENTIFIQUE
(MINISTRY FOR EDUCATION AND SCIENTIFIC RESEARCH)

DIRECTION DE L'INFRASTRUCTURE ET DE L'EQUIPEMENT UNIVERSITAIRE
(DIRECTORATE FOR UNIVERSITY INFRASTRUCTURE AND EQUIPMENT)

SOUS-DIRECTION DES MARCHES ET CONTRATS
(SUB-DIRECTORATE FOR PURCHASES AND CONTRACTS)

NOTICE OF INTERNATIONAL CALL FOR TENDERS No. 20/82 "SDMC" A.P./5.621.1.031.00.02

An International Call for Tenders is being launched for the supply of Scientific Equipment for the Research Laboratories of the Institut des Sciences Exactes et de la Technologie (Institute of Science and Technology) of the University Centre at Setif.

Specifications may be obtained from the siege (office) of the Ministere de l'Enseignement et de la Recherche Scientifique (Ministry for Education and Scientific Research)—Direction de l'Infrastructure et de l'Equipement Universitaire (Directorate for University Infrastructure and Equipment)—situated at 1 Rue Bachir ATTAR—place du ler Mai—ALGER (ALGIERS).

Offers, together with the prescribed accompanying documentation, must be sent to the above address in a double sealed envelope.

The outer envelope should bear no data permitting the identification of the Tenderer, and should bear, in addition to the address of the Ministry for Education and Scientific Research, the words "A.O.I. No 20/82 "SDMC" Fourniture de Materiels Scientifiques pour l'Equipement des Laboratoires de Recherche, soumission ne pas ouvrir" (A.O.I. No. 20/82 "SDMC" Supply of of Scientific Equipment for Research Laboratories—tender, do not open).

In compliance with circular No. 21 DGCI DMP dated 4.5.1981 of the Ministry of Commerce, offers must be accompanied by the following documentation:
(a) Articles of Association of the Company, together with a list of the main shareholders or partners.
(b) (Statement of) the fiscal position of the company in Algeria and in the country where its registered office is situated.
(c) List of the principal management staff of the Company.
(d) Balance sheets for the two (2) previous financial years.
(e) Declaration that the company does not have recourse to intermediaries, in compliance with article 12 of Law 78/02 dated 11.2.1978 relating to State Monopoly on Foreign Trade.

Offers should be received within 45 days with effect from the date on which this notice appears in the national press.

Tenderers shall remain bound by their offers for a period of 120 days with effect from the closing date of the present Call for Tenders.

This Call for Tenders excludes amalgamations, representatives of companies, agents and any other intermediaries, the intervention of which is prohibited by Law 78/02 dated 11.2.1978 relating to State Monopoly on Foreign Trade.

Sale of 1,500 Trucks by International Tender

On 8th March 1983 a tender will be held in London for 947 Mercedes Benz trucks and tractor-trucks and 553 Dodge trucks, both of light, medium, heavy and extra-heavy models, suitable for freight transport, mining and construction, and similar uses, and adaptable for refuse collection, concrete mixing, special equipment, etc. These trucks are unused, of Brazilian manufacture, and presently stored in Santiago, Chile.

These vehicles will be awarded to the tenderers who present the best offers under the terms established in the conditions for tender which can be obtained from:

Roberto Seiler or Therese Rabieh, Comind S.A. de Comercio Exterior, c/o Banco do Commercio e Industria de Sao Paulo, Park Avenue Plaza 55E, 52nd Street, 24th Floor, NEW YORK NY 10055 USA. Telephone: (212) 310-0800 Telex: 236494 (RCA); 427315 (ITT).

James M Botts or Simon Paul, Comind S.A. de Comercio Exterior, c/o Banco do Commercio e Industria de Sao Paulo, 37 rue des Mathurins, 75008 PARIS, France. Telephone: (00331) 265-5181, 268-0980. Telex: 290487 COMIND

Rosamaria Ricaldone, Comind S.A. de Comercio Exterior, c/o Banco do Commercia e Industria de Sao Paulo S.A. as below.

This sale by tender has been ordered by the owners of the trucks, with COMIND S.A. DE COMERCIO EXTERIOR acting as agents. Further information can be obtained from Banco do Commercio e Industria de Sao Paulo S.A., Buckingham House, 62-63 Queen Street, London EC4R 1AD, U.K. Telephone: 236 8101. Telex: 8811862.

Comind

Prequalification Notice for Civil Works
The Bangladesh Power Development Board
Ashuganj Thermal Power Station
Extension Units 3 and 4

The Bangladesh Power Development Board (BPDB) has applied for financing from the Kuwait Fund for Arab Economic Development (KFAED), the proceeds of which would be used for the extension units 3 and 4 of the Ashuganj Thermal Power Station (2 x 150 mw).

The Bangladesh Power Development Board invites experienced contractors to be prequalified as tenderers for the civil works (lot c) for the extension of the Ashuganj Thermal Power Station in Bangladesh.

Procurement for such civil works will be in accordance with the guidelines for procurement of the financing institute. The scope of works comprises the construction of the turbine hall extension, miscellaneous auxiliary buildings and structures and the cooling water system.

Contractors wishing to be included in the list of qualified tenderers for lot c, civil works, should apply for the prequalification documents in one original and one copy to:

BANGLADESH POWER DEVELOPMENT BOARD
ATTN: THE SECRETARY
WAPDA BUILDING, MOTIJHEEL
DACCA—2, BANGLADESH
TELEX: DAC 65617 BPDB

Prequalification documents can be obtained from the above office from 20th January 1983 until 28th February 1983, during office hours.

Application should be accompanied by a bank voucher or pay order of three thousand Bangladesh Taka (Taka 3.000.—) only, on any bank in Dacca/Bangladesh, issued in favour of the BPDB.
Completed prequalification documents shall be submitted to above address of BPDB, not later than 12.00 hours of 31st March 1983.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTERE DE L'ENSEIGNEMENT ET DE LA RECHERCHE SCIENTIFIQUE
(Ministry for Education and Scientific Research)

DIRECTION DE L'INFRASTRUCTURE ET DE L'EQUIPEMENT UNIVERSITAIRE
(Directorate for University Infrastructure and Equipment)

SOUS-DIRECTION DES MARCHES ET CONTRATS
(Sub-Directorate for Purchases and Contracts)

INTERNATIONAL CALL FOR TENDERS No. 22/82 "SDMC" A.P./5.611.3.031.00.03

An International Call for Tenders is being launched for the supply of scientific equipment to the following departments:
—Department of Surgery
— " " Anatomy Pathology
— " " Haematology
— " " Pediatrics
— " " Biophysics
— " " Toxicology
— " " Infantile Surgery
— " " Cellular Biology
for Higher Education Establishments (Institutes of Medical Science of Algiers and Oran).

Specifications may be obtained from the Siege (Office) of the Ministere de l'Enseignement et de la Recherche Scientifique (Ministry for Education and Scientific Research)—Direction de l'Infrastructure et de l'Equipement Universitaire (Directorate for University Infrastructure and Equipment), located at 1 Rue Bachir ATTAR—Place du 1er Mai—ALGER (ALGIERS).

Offers, together with the prescribed accompanying documentation, must be sent to the above address in a double sealed envelope.

The outer envelope should bear no data permitting the identification of the Tenderer, and should bear, in addition to the address of the Ministry for Education and Scientific Research, the words "A.O.I. No 22/82 "SDMC" Fourniture de materiels scientifiques destines aux etablissements d'Enseignement Superieur (Instituts des Sciences Medicales d'Alger et Oran) a ne pas ouvrir" (A.O.I. No. 22/82 "SDMC" Supply of Scientific Equipment for the Higher Education Establishments (Institutes of Medical Science of Algiers and Oran) do not open).

Offers should be accompanied by the fiscal and company documentation specified in circular No. 21 DG-CI-DMP of the Ministry of Commerce.

Offers must be received within 45 days from the date on which this notice appears in the National Press, at the very latest.

Tenderers shall remain bound by their offers for a period of 120 days with effect from the closing date of the present Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTERE DE L'ENSEIGNEMENT ET DE LA RECHERCHE SCIENTIFIQUE
(Ministry for Education and Scientific Research)

DIRECTION DE L'INFRASTRUCTURE ET DE L'EQUIPEMENT UNIVERSITAIRE
(Directorate for University Infrastructure and Equipment)

SOUS-DIRECTION DES MARCHES & CONTRATS
(Sub-Directorate for Purchases and Contracts)

NOTICE OF INTERNATIONAL CALL FOR TENDERS No. 25/82 "SDMC" A.P./No. 5.611.1.031.00.02

An International Call for Tenders is being launched for the purchase of the following equipment:
—*Medical* electronic equipment
—Equipment for studying the propagation of hertzian waves on National Territory
—"(Equipement de) Commande Elctrique des machines et haute tension"* for Applied Research Projects, intended for the Department of Electronics and Electrical Engineering of the Ecole Nationale Polytechnique (National Polytechnic School) in Algiers (U.S.T.H.B.)

The specifications may be obtained from the Siege (Office) of the Ministere de l'Enseignement et de la Recherche Scientifique (Ministry for Education and Scientific Research)—Direction de l'Infrastructure et de l'Equipement Universitaire (Directorate for University Infrastructure and Equipment)—loted at 1 Rue Bachir ATTAR, Place du 1er Mai, ALGER (Algiers).

Offers, together with the prescribed accompanying documentation, must be sent to the above address in a double sealed envelope.

The outer envelope should bear no data permitting the identification of the Tenderer, and should bear, in addition to the Address of the Ministry for Education and for Scientific Research, the words A.O.I. no. 25/82 "SDMC" "Acquisition d'Equipements pour projets de Recherche Appliquee destines au Departement Electronique et Electrotechnique de l'Ecole Nationale Polytechnique d'Algers, soumission a ne pas ouvrir" (A.O.I. No 25/82 "SDMC" "Purchase of Equipment for Applied Research Projects intended for the Department of Electronics and Electrical Engineering of the National Polytechnic School of Algiers, tender—do not open").

Offers must be received within 45 days with effect from the date on which this notice appears in the National Press, at the very latest.

Offers should be accompanied by the fiscal and company documentation specified in Circular No 21.DGCI—DMP of the Ministry of Commerce.

Tenderers shall remain bound by their offers for a period of one hundred and twenty (120) days with effect from the Closing Date of the *present Call for Tenders.*

*[The best rendering is considered to be "Electrical/high voltage control equipment"]

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTERE DE L'ENSEIGNEMENT ET DE LA RECHERCHE SCIENTIFIQUE
(Ministry for Education and Scientific Research)

DIRECTION DE L'INFRASTRUCTURE ET DE L'EQUIPEMENT UNIVERSITAIRE
(Directorate for University Infrastructure and Equipment)

SOUS-DIRECTION DES MARCHES & CONTRATS
(Sub-Directorate for Purchases and Contracts)

NOTICE OF INTERNATIONAL CALL FOR TENDERS No. 24/82 "SDMC" A.P. 5.611.3.031.00.01

An International Call for Tenders is being launched for the purchase of Scientific Equipment intended for the Pedagogic Workshops of the Post-Graduate Course in Microbiology at the Institut des Sciences Medicales d'Alger (Institute of Medical Sciences of Algiers).

Specifications may be obtained from the Siege (Office) of the Ministere de l'Enseignement et de la Recherche Scientifique (Ministry for Education and Scientific Research)—Direction de l'Infrastructure et de l'Equipement Universitaire (Directorate for University Infrastructure and Equipment), situated at 1 Rue Bachir ATTAR, place du ler Mai, Alger (Algiers).

Offers, together with the prescribed accompanying documentation should be sent to the above address in a double sealed envelope.

The outer envelope should bear no data permitting the identification of the Tenderer, and should bear, in addition to the Address of the Ministry for Education and Scientific Research, the words "A.O.I. no 24/82 SDMC Acquisition des Equipements Scientifiques destines aux Ateliers Pedagogiques pour la Post—Graduation en Microbiolgie—Institut des Sciences Medicales d'ALGER—soumission a ne pas ouvrir" (A.O.I. No. 24/82 SDMC Purchase of Scientific Equipment for the Pedagogic Workshops of the post-gradute course in microbiology — Institute of Medical Sciences of Algiers—tender, do not open).

Offers should be received within 45 days with effect from the date on which this notice appears in the National Press, at the very latest.

Offers must be accompanied by the fiscal and company documentation specified in Circular No. 21.DGCI—DMP of the Ministry of Commerce.

Tenderers shall remain bound by their offers for a period of 120 days with effect from the closing date of the present Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTERE DE L'ENSEIGNEMENT ET DE LA RECHERCHE SCIENTIFIQUE
(Ministry for Education and Scientific Research)

DIRECTION DE L'INFRASTRUCTURE ET DE L'EQUIPEMENT UNIVERSITAIRE
(Directorate for University Infrastructure and Equipment)

SOUS-DIRECTION DES MARCHES ET CONTRATS
(Sub-Directorate for Purchases and Contracts)

INTERNATIONAL CALL FOR TENDERS No. 21/82 "SDMC" A.P./5.611.3.031.00.04

An International Call for Tenders is being launched for the supply of scientific equipment for the Institut de Physique (Institute of Physics) of the Universite des Sciences et Techniques "HOUARI BOUMEDIENE" (HOUARI BOUMEDIENE University of Science and Technology) (U.S.T.H.B.).

Specifications may be obtained from the Siege (Office) of the Ministere de l'Enseignement et de la Recherche Scientifique (Ministry for Education and Scientific Research)—Direction de l'Infrastructure et de l'Equipement Universitaire (Directorate for University Infrastructure and Equipment), located at 1 Rue Bachir ATTAR—Place du 1er Mai—ALGER (ALGIERS).

Offers, together with the prescribed accompanying documentation, must be sent to the above address in a double sealed envelope.

The outer envelope should bear no data permitting the identification of the Tenderer, and should bear, in addition to the address of the Ministry for Education and Scientific Research, the words "A.I.O. No 21/82 "SDMC" Fourniture de Materiels Scientifiques destines a l'Institut de Physique de l'U.S.T.H.B. a ne pas ouvrir (A.O.I. No. 21/82 "SDMC" Supply of Scientific Equipment for the Institute of Physics of U.S.T.H.B. —do not open).

Offers should be accompanied by the fiscal and company documentation specified in Circular No. 21.SGCI—DMP of the Ministry of Commerce.

Tenderers shall remain bound by their offers for a period of 120 days with effect from the closing date of the present Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES

ENTREPRISE NATIONALE SONATRACH
(SONATRACH NATIONAL COMPANY)

NOTICE OF NATIONAL AND INTERNATIONAL CALL FOR TENDERS

The Direction des Travaux Petroliers (Directorate for the Oil Industry) is launching a national and international call for tenders for the supply of:
—SPARE PARTS FOR B.O.P. (BLOW OUT PREVENTER) RUCKER SHAFFER TYPE 61—MODEL LWS

This Call for Tenders is intended for manufacturing companies only, and excludes amalgamations, representatives of companies and any other intermediaries, in compliance with the provisions of Law No. 78-02 of 11 February 1978, relating to State Monopoly on Foreign Trade.

Tenderers interested in this Call for Tenders may obtain the Specifications relating thereto from: SONATRACH—D.T.P., 2 RUE DE CAPITAINE AZZOUG, COTE ROUGE, HUSSEIN-DEY, ALGER (ALGIERS), *DEPARTEMENT APPROVISIONNEMENT ET TRANSPORT* (DEPARTMENT FOR SUPPLIES AND TRANSPORT), with effect from the date on which this notice is published.

Offers, of which five (5) copies should be prepared, must be sent by registered post, in a double sealed envelope, bearing the words "APPEL D'OFFRES NATIONAL ET INTERNATIONAL NUMERO 0102.OW/MF "A NE PAS OUVRIR CONFIDENTIEL" (NATIONAL AND INTERNATIONAL CALL FOR TENDERS NUMBER 0102.OW/MF "DO NOT OPEN, CONFIDENTIAL"), for the attention of the Chef de Departement Approvisionnements et Transport (Head of the Department for Supplies and Transport).

Tenders should be received by Saturday, 29 JANUARY 1982, at 1200 hours, at the very latest.

Any tender arriving after this date shall be considered as cancelled.

The outer envelope of the tender should be anonymous and should bear no inscription or logo indicating the origin thereof.

The selection will be made within 180 days with effect from the closing date of this Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTERE DE L'ENSEIGNEMENT ET DE LA RECHERCHE SCIENTIFIQUE
(Ministry for Education and Scientific Research)

DIRECTION DE L'INFRASTRUCTURE ET DE L'EQUIPEMENT UNIVERSITAIRE
(Directorate for University Infrastructure and Equipment)

SOUS-DIRECTION DES MARCHES & CONTRATS
(Sub-Directorate for Purchases and Contracts)

NOTICE OF INTERNATIONAL CALL FOR TENDERS No. 23/82 "SDMC" A.P./No. 5.611.3.031.00.02

An International Call for Tenders is being launched for the supply of Scientific Equipment for the Pedagogic Research Workshops of the University of Annaba.

Specifications may be obtained from the Siege (Office) of the MINISTERE DE L'ENSEIGNEMENT ET DE LA RECHERCHE SCIENTIFIQUE (MINISTRY FOR EDUCATION AND SCIENTIFIC RESEARCH), Direction de l'Infrastructure et de l'Equipement Universitaire (Directorate for University Infrastructure and Equipment), 1 Rue Bachir ATTAR (ALGER) (ALGIERS).

Offers, together with the prescribed accompanying documentation, must be sent to the above address in a double sealed envelope.

The outer envelope should bear no data permitting the identification of the Tenderer, and should bear, in addition to the Address of the MINISTRY FOR EDUCATION AND SCIENTIFIC RESEARCH, the words "A.O.I. No 23/82 "SDMC" — Fourniture de Materiels Scientifiques destines a l'Equipement des Ateliers Pedagogiques de la Recherche de l'Universite d'Annaba, soumission a ne pas ouvrir" (A.O.I. No. 23/82 "SDMC" — Supply of Scientific Equipment for the Pedagogic Research Workshops of the University of Annaba—tender, do not open).

Offers should be received within 45 days with effect from the date on which this notice appears in the National Press, at the very latest.

Offers must be accompanied by the fiscal and company documentation specified in Circular No. 21.DGCI—DMP of the Ministry of Commerce.

Tenderers shall remain bound by their offers for a period of 120 days with effect from the closing date of the present Call for Tenders.

CENTRAL REGIONAL COUNCIL
NORTHFOOT PUMPING STATION

The Central Regional Council propose to invite tenders from selected firms for (a) supply and commissioning of mechanical and electrical equipments and (b) specialist services for the existing Northfoot Pumping Station.

(a) Mechanical and Electrical Equipment
1. Screw pump and associated mechanical equipment to lift 640 1/sec.
2. 2 No. long-coupled vertical drive sewage pumps with D.C. motors.
3. 2 No. variable speed units suitable for D.C. motors and associated electrical control equipment.

(b) Specialist Services
Underpressure connection of 500 mm diameter valve onto existing 42in diameter pumping main.

Firms who wish to be considered for the supply etc. of one or more of the above items should apply to the undersigned by 28th January, 1983 indicating for which items they wish to tender.

Percival W. Buchanan.
Director of Administration and Legal Services.
Regional Council Offices, Viewforth Stirling.

FROM THE CHAIRMANSHIP OF THE CENTRAL COMMISSION FOR PURCHASES, SALES AND TENDERS OF THE TURKISH STATE RAILWAYS

Our Tender due on 12th January 1983 at 15.00 hours for the construction of a slipway with 600 tons lifting capacity for our Iskenderun port has been postponed to 14th February 1983 at 15.00 hours due to necessity concerned. As previously announced only bidders from member countries of the World Bank and from Switzerland may participate in this tender.

COMPANY NOTICES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MITSUI & CO., LTD.

EDR holders are informed that Mitsui & Co., Ltd. has paid a dividend to holders of record September 30, 1982. The cash dividend payable is Yen 2.5 per Common Stock of Yen 50.00 per share. Pursuant to Clause 4 of the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 28 for payment.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced holding rate. Countries currently having such arrangements are as follows:

A.R. of Egypt	F.R. of Germany	The Netherlands	Spain
Australia	Finland	New Zealand	Sweden
Belgium	France	Norway	Switzerland
Brazil	Hungary	Rep. of Korea	United Kingdom
Canada	Ireland	Romania	U.S. of America
Czechoslovakia	Italy	Singapore	Zambia
Denmark	Malaysia		

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after April 30, 1983.

Amounts payable in respect of current dividends.

Coupon No. 28 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
1 share	$0.010593	$0.009004	$0.008474

Depositary:
Citibank, N.A.
336, Strand, London WC2R 1HB.

January 10, 1983.

SWEDISH STATE HOLDING COMPANY
(Statsföretag Aktiebolag)
9¾% BONDS 1975/1985
UA 20,000,000

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that:
— during the six-month period following the twelve-month period ending on December 28, 1981, a principal amount of UA 335,000 of above-mentioned Bonds, unpurchased during the twelve-month period ending on December 28, 1981, has been purchased.
— during the twelve-month period from December 29, 1981, to December 28, 1982, an additional principal amount of UA 250,000 of above-mentioned Bonds has been purchased.

Amount outstanding: UA 17,530,000

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg, January 10, 1983

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN TSUBAKIMOTO PRECISION PRODUCTS CO., LTD.

We are pleased to confirm that copies of the Financial Statements for the year ended March 31 1982 of Tsubakimoto Precision Products Co., Ltd., are now available to EDR holders, upon application, at the offices of the Depositary Citibank N.A., 336 Strand, London WC2R 1HB and the Agent, Citibank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg.

CITIBANK, N.A.
London Depositary

January 13, 1983.

INSTITUTO DE CREDITO OFICIAL
ICO
(a public entity of the Spanish State)

U.S.$75,000,000
FLOATING RATE NOTES DUE 1992
(Retractable at the Option of the Holders in 1989)

In accordance with the provision of the Notes, notice is hereby given that for the period from January 10 to July 11, 1983 the Notes will carry an interest rate of 9⅜% per annum. The interest payable on the relevant interest payment date, July 11, 1983, against Coupon No. 2 will be U.S.$473.96.

THE CHASE MANHATTAN BANK, N.A.
London
Agent Bank

CITY OF LIMA
(The Honourable Provincial Council of Lima)
5% FIRST MORTGAGE BONDS 1911

Lloyds Bank International Limited, 40-66 Queen Victoria Street, London EC4P 4EL, announce that coupons due 1st January 1983 of the City of Lima (The Honourable Provincial Council of Lima) 5% First Mortgage Bonds 1911, may be lodged for payment, but must be left an appropriate period for examination. Coupons will not be accepted through the post.

CLUBS

THE GASLIGHT OF ST. JAMES'S. London's most exciting businessman's night time retreat. No membership needed. 2 bars, dozens of danceable companions. Intriguing Cabaret Acts. Happy hour 8-9 pm. If required, superb three-course dinner, only £9.75 plus service and tax. Entrance fee £5.75 (£5 refunded to diners ordering before 9pm) Mon.-Fri. 8 pm-2 am. Sat. 9 pm-2 am. 4 Duke of York Street, SW1. Tel. 01-930 1648/4950.

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189 Regent St 01-734 0557

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Geneva: 15 rue du Cendrier. Telex: 22589. Tel: 311604.
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Madrid: Espronceda 32, Madrid 3. Tel: 441 6772.
Manchester: Editorial and Advertising Queen's Hse., Queen St., M2 5HT. Telex: 666813. Tel: 061-834 9381.
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THE ARTS

La Boutique Fantasque

Clement Crisp

Injury and the 'flu epidemic are taking their toll of Sadler's Wells Royal Ballet. On Friday night at Rosebery Avenue, with a new programme scheduled, 11 dancers from the company roster of 52 were laid low, and there resulted some changes in casting, with Grahame Lustig suddenly finding himself as the prince in Ashton's *Pas de Légumes*, a role he learned that morning so as to avoid the piece being renamed *Pas de Prince*. Brian Bertscher, once a member of the company and now a teacher, called at the theatre to see his former colleagues and was pressed into immediate service as a poodle in *Boutique Fantasque*. Yet, whatever the problems with numbers, there were none in performance spirit: the evening brought some rewarding interpretations.

Among them was Galina Samsova's lovely way with *Les Sylphides*. The SWRB staging of this difficult ballet is honest enough, though lit with an unrelenting neon-glare which dissipates all likelihood of the dances seeming the Romantic reverie that Fokine wanted. Given with an appearance of decently muted spirits by a cast wearing "listening to Chopin" faces, it proposed dancing as something which happens at the extremities of arms and legs. And there, in the midst of these Anglo-Saxon attitudes, was Miss Samsova, in an unbecoming wig and awful shoes, dancing Fokine's ballet. With her expansive phrasing, ecstatic arms, she showed that the choreography made sense, that the ballet's atmosphere was not mopey but aspired to the moon and romantic dreams. It was a lesson in style not to be missed.

The evening ended with another reminder of the continuing validity of the Diaghilev repertory, thanks to Alain Dubreuil's Can-can dancer in *Boutique Fantasque*. Difficult to believe that an artist today might assume a character role Massine made for himself and give it authentic Massinian life. But Mr Dubreuil is master of its eccentric, witty manner, and as he dances there comes the thrill of recognition that the role—and with it the ballet—has not lost its sparkle.

It is a wonderful interpretation, and Marion Tait has the gaiety and zest for every flurry and frou-frou of the Can-can girl's skirts. *Boutique* is still a bewitching work, though more élan is needed in the dolls' dances and in the orchestral playing. (There is also some re-painting needed on the beautiful Derain back-cloth). Stephen Wicks is an excellent shopkeeper; the American and Russian children are boisterous but not too obstrusive, and for anyone interested in choreographic curiosities, the appearance of the ten corps girls when midnight sounds is a fascinating example of an old-fashioned "classical" *entrée*.

The Ashton *Pas de Légumes*, now entered into the SWRB repertory, is a macedoine of little dances to show off Rostislav Dobuzhinsky's brilliant vegetable costumes that, like the choreography, were made for a film three years ago. The piece is slight, well-danced, not least by Grahame Lustig in his unexpected debut. About Hans van Manen's *Five Tangos* I will note that orchestration of Astor Piazzolla's music minimises its pungent sharpness, and that the cast strut and parade about the stage for no discernible reason. I think they may be worried about matters of the heart; they would do better to be concerned about the choreography.

Romeo and Juliet/Coliseum

Max Loppert

Saturday's return of Romeo and Juliet, a Colin Graham staging of the Gounod opera first shown by the English National Opera two years ago, produced a rather watery evening of lyric theatre. Nothing gross or damagingly wrong was permitted in its execution, yet the house came only fitfully to red-blooded life, in the later scenes. Before that, one had begun to notice with disappointed regularity how perilously easy it is for an English-language performance of Gounod to replace vitality with decorous pallour.

The conductor was again the Frenchman, Louis Frémaux. But because much of the energy and dramatic spirit appears to have drained out of his reading, it was strange how disconcertingly "English" the show became—polite and tasteful in its orchestral and choral work (with little special sensitivity or affection addressed to the gems of exquisite charm that the score can still throw up), mildly irritating in the strings of egregious business attached by the producer to the ballroom and duel episodes, "down-market" in look and unfolding (I longed to rush up to the stage and rip down that gauze front cloth, once and for all), above all tame in its central romance.

Partly, this is the composer's own fault, and the square, Victorian-organ-loft sequences in which a fair quantity of that romance is limned. But mainly, it was the casting. Valerie Masterson, still an enchanting Juliet to the eye, and in rather fresher voice than for the recent *Semele*, seemed to touch only intermittently the sweetness, purity and clarity of line that so distinguished her heroine the first time round. She clearly needs a more ardent Romeo to work up any suggestion of emotional warmth; John Treleaven's range of facial expression is limited to kindly discomfort, and though in terms of tonal weight the voice much more closely approaches the requirements of the part than did his predecessor's, the phrasing was often loose, and much of the middle and lower ranges had an ominously cloudy timbre (if, as it sounded to me, he was suffering a cold, announcement to the effect would have been fairer to both the tenor and his audience).

Among the newcomers, there are some successful contributions—indeed, Sally Burgess (Stephano) and William Shimell (Mercutio) come closer to suggesting the dapper, twinkling side of Gounod than anyone else on stage. Richard Van Allan is a surprisingly smooth and sonorous Friar Laurence. The Act 4 "bedroom duet" is still much cut, though on this occasion I minded less than perhaps I should have.

Alastair Muir

Valerie Masterson and John Treleaven

Blood Brothers/Liverpool

Michael Coveney

The playwright Willy Russell and the folk singer Barbara Dickson first joined forces nine years ago at the Liverpool Everyman for a memorable show about the Beatles. Their reunion on Merseyside after an intervening period of remarkable success for each of them—Russell in theatre and on television, Dickson in the pop charts—has been eagerly anticipated.

Blood Brothers at the Liverpool Playhouse has text, lyrics and music by Russell and an impressive singing performance by Dickson as a mother of male twins separated at birth. It opened on Saturday night and, such is the local interest, is certain to pack the theatre for at least two months.

The show is a rather strange hybrid of operatic melodrama, sentimental romance and ebullient social comment. Imagine, if you can, a Scouse amalgam of *Il trovatore*, *Twelfth Night* and Trevor Griffiths' *Sam Sam*. It is brash, vulgar and tremendously enjoyable. Director Chris Bond has pulled out all the stops to give Liverpool a technically proficient and generously high-spirited evening.

Mrs Johnstone (Barbara Dickson) is an impoverished mother who works as a cleaner for posh Mrs Lyons (Wendy Murray). On conceiving twins, and under pressure from "the Welfare," she donates one of them to her barren employer. The two boys, Mickey and Eddie, become unlikely street pals and later meet up when their respective families have moved out of the inner city.

While Eddie progresses through university to a post of local councillor, Mickey finds himself married and unemployed (a neat convergence of musical and dramatic staging at this point). Mickey's wife (Amanda York) wins a house and a few extra favours from Eddie. This leads to a finale of jealousy and grim melodrama not inconsistent with the recurring grossnesses of the plot line.

George Costigan and Andrew C. Wadsworth (whose fine voice is cruelly under-exploited) are excellent as the blood brothers, each charting in some detail the contrast between the innocence of short-trousered camaraderie and its erosion by social conditioning. Nonetheless, the author makes some severe demands on our involvement. If this is indeed a quasi-fictional epic of high flown passions, why does Mrs Johnstone greet the news of Eddie's departure from the district with such bland equanimity?

The impressive brickscape of Andy Greenfield's design is first glimpsed through a gauze screen decorated with a likeness of Marilyn Mouroe. The references to the doomed star are not always appropriate. But the prime number in Russell's contagiously melodious score rings some ingenious lyrical changes on the incongruity between Liverpool deprivation and silver screen iconography.

These connections are chiefly made by a narrator, played with brilliantly variegated resourcefulness by Andrew Schofield. The profusion of unlikely coincidences is frequently glued together by Schofield's jack-in-a-box versatility: he bursts through as a nosey milkman, officious bus conductor, scruffily harassed teacher and lascivious cinema usher.

Also worth mentioning are the pervasive evocation of three distinctly shaded decades and the quite remarkable musical direction and arrangements of Pete Filleul. I could have done with more music. The heart leaps each time the nine-piece band strikes up in a gantry happily sandwiched like a top deck burger filling half way up the set.

*

I caught a matinée in the Playhouse studio of Maggie Ford's one-person show *The Rising of the Moon*. As it happens, I was very nearly a one-person audience, but was joined at the last minute by five members of the all-male Liverpool Crèche Against Sexism (I hope Alexei Sayle never hears about this). We all nodded wisely at Miss Ford's jaunty compilation of women's struggle in a male world. I rushed away to check on the football results, swallow a pint of beer, and shout at the wife down the telephone. I have changed nappies, though, and I do iron my own shirts. Is there any hope for me?

Understanding public desires

Colin Amery sees 1982 as the year when the public rather than the profession took up the cry for better architecture

It was clear when Mr Michael Heseltine wrapped up 1982 by announcing four major planning decisions for London that when he came back from bird-watching in Tobago he would no longer be in the environmental hot seat. So it is good-bye to the first Secretary of State for the Environment who understood the public desire for better modern architecture and tried, in his hasty and impatient fashion, to effect some improvements.

He wrote his own end-of-term report by the four decisions he made for London. He sanctioned the conversion of the old fish market at Billingsgate into a commodity exchange with a large office block alongside. He made a mysterious non-decision for the Coin Street area of the South Bank of the Thames by apparently approving both the competing schemes.

This uncharacteristic piece of pusillanimity leaves his successor Mr Tom King with a certain fight between the supporters of the local and more residential scheme by the Association of Waterloo Groups and the offices by Richard Rogers for the developers Greycoat Estates.

At Hyde Park Corner the redevelopment of the St George's Hospital site by Chapman, Taylor and Partners for the Grosvenor Estate will restore the hospital building by William Wilkins (1778-1839) and add a fairly indifferent office block. His fourth decision I have already written about—the choice of Ahrends, Burton and Koralek as the winners of the competition to design the new wing of the National Gallery. Once again eager to make an impression, Mr Heseltine went along with Lord Annan's proposal to build commercial offices on the Government-owned site to fund the new galleries. This created grave problems for the assessors and the architects and brought the competition into disrepute.

It was the revival of the competition system that will distinguish 1982 as a year to remember. Inevitably the results of competitions do not always please everyone but the system has only just begun in this country.

Certainly the winning scheme selected for the Green Giant site at Vauxhall Cross by the architects Sebire Allsopp was a pretty depressing start to competition year. I do not look forward to the zig-zag wall with late Pompidou centre overtones for that site on the river.

That competition had the added blessing of a special development order to whisk the winner through the planning laws at high speed with the blessing of Parliament. What a miserable debate it was in the House of Commons with members of Parliament displaying their familiar philistinism and almost total unconcern for the architectural quality of the capital. We should be grateful to Michael Heseltine for forcing MPs to reveal their true indifference.

The most exciting architectural event of the year in England was the compeition for the new wing of the National Gallery. The winners Ahrends, Burton and Koralek won the palm because their scheme was by far hte most original. The runner-up, the American firm Skidmore, Owings and Merrill are now threatening to sue the Government for its handling of the competition. Needless to say the third runner up Arup Associaties, are maintaining a decent British reserve.

The most heartening thing to emerge from the National Gallery competition has been the public interest. The exhibition attracted record crowds and the response was an articulate and intelligent one. The public is interested in architecture, my own postbag demonstrates this every week, and it is the profession that so often handicaps the progress of the art of architecture.

The Royal Institute of British Architects still manages to misunderstand the public and the media and to resent the critics. It was staggering to hear plain rudeness at so many of the "Great Debate" lectures at the Institute — particularly whenever Post-Modernism was mentioned. Last year was the year when the critics and writers and the public showed that there is a lot of hope in the air for the development of architecture, only a few members of the profession seem to able to catch on to the fact that the aesthetic climate has completely changed. I confidently predict 1983 will demonstrate that the growth point for the future of architecture lies closer to the artist than the professional, institutionalised architect.

In the City of London the creation of Mansion House Square—an office block designed by the late Mies van der Rohe and a new square—was finally turned down by the Corporation. There will be a public inquiry at some point but only the RIBA and a few architects trained in the Miesian tradition are likely to support this building of a cenotaph to the Modern Movement.

It is sad in a way that the City cannot persuade Mr Peter Palumbo, who is clearly a man of discrimination, to back a competition for his site to find another kind of building more suited to the City. Cities are not like private art collections that have to have one example of each of the masters—they live and breathe and slowly reflect their times.

The BBC has shown an interesting spark of life in their choice, arrived at in curiously secret and mandarin ways, of Norman Foster to design a new building for BBC Radio.

This is such a chance for Norman Foster to demonstrate that he is able to produce a building that refers to, as well as reflects, its immediate environment. No one doubts his technical bravura—but BBC Radio in particular is the voice of a subtle and complex nation—a great architect could use this commission to show his humanity and understanding of the arts of British life. What an opportunity for Foster to prove that he can be an artist—will he grasp it?

The conservation movements had a strangely quiet year—one of the few benefits of a recession perhaps? The overnight demolition of Kensington Town Hall in June by the local council and the subsequent choice of a dull design to replace it by Frederick Gibberd and Partners rightly angered the Royal Fine Art Commission who favoured the far more distinguished scheme by architect Richard MacCormac.

The Commission objects strongly under its energetic secretary Sherban Cantacuzino, deploring the short sighted commercial approach of the Kensington Council. It is good to see the Commission is able to speak out—it should do so more often.

The noisiest conservation meeting of the year was the National Trust's AGM and special meeting about the leasing of Trust land to the Ministry of Defence. The Trust weathered the storm but accept the fact they wil have to find a way to keep member informed and involved in the Trust's affairs.

There has been little discussion outside the amenity societies about the Government's proposals to recognise the "heritage bodies" and this year will see more public debate on far reaching proposals to make the new Heritage Commission a more entrepreneurial body.

One welcome act of Government patronage for the heritage was the completion, after 30 years of the *History of the King's Works*. This six volume series describes in scholarly detail the construction and care of public buildings in England from the Middle Ages to 1851. It is the kind of major achievement that deserves thanks and congratulations.

Looking ahead to a period when there is unlikely to be a rapid increase in building activity, the future for architecture lies, in this country at least, in the development of the new theory and language of architecture. There is no doubt that this crucial stage will produce a new architecture that is more in tune with history, more decorative, more colourful and, with luck, more beautiful than the architecture of the 1960's and 1970's. The 'eighties are a transitional period and I sense an energy to renew the art of architecture in ways that we will all find more sympathetic.

School for Scandal/Haymarket

B. A. Young

Donald Sinden, Michael Denison, Dulcie Gray, Beryl Reid, Sebastian Shaw, Bill Fraser, here are riches of the right kind for Sheridan's rich comedy. But there are just the icing on the cake. There is a superb production by John Barton (with Peter Stevenson), a beautiful design of sliding panels, and handsome costumes, by Christopher Morley. Music—very discreet—by Guy Wolfenden. And two young people unquestionably bound for stardom, Judy Buxton and Michael Siberry.

Donald Sinden, resplendent in scarlet coat or crimson dressing-gown, doesn't attempt to bury his familiar talent in his characterisation of Sir Peter Teazle; indeed, he takes a step back into stage history and plays with one eye on the audience, inviting them to share his feelings with him. The part is a natural for him, and I never expect to see it done more acceptably.

The mood is set when Dulcie Gray, in character as Lady Sneerwell, speaks Garrick's prologue. Then she comes downstage to mingle with the crowd of evil-tongued familiars, but she never relinquishes the breeding with which she began. To hear her spite issuing from such an unclouded countenance is fascinating. She is alone in this restraint; Beryl Reid's Mrs Candour is a totally externalised bit of comedy, reaching even to some knockabout fun with her bustle. *Sebastian Shaw*, Patrick Godfrey and James Griffiths, as Crabtree, Backbite and Snake, appear as typical bewigged gentry of the time, bouncing their scandal about like squash-balls.

The play takes a long time to get moving (which is certainly not to say that it's dull), and the evening is half over before the appearance of Michael Denison as Sir Oliver Surface, in a coat of more than oriental splendour that shows sufficiently under the black cloaks he dons as Mr Premium and Mr Stanley to be detected by anyone less self-satisfied than his two nephews, Joseph and Charles.

They are a well-contrasted pair. Christopher Godwin as Joseph is the essence of propriety, and even extracts some dignity from his downfall. Michael Siberry as his younger brother Charles — an uncommonly handsome young man who wisely keeps his profile towards us as much as he can — is a rake from the moment we see him, with his hat on the back of his untidy wig and his room full of his drunken friends getting drunker. Joseph controls his behaviour perfectly in the classic scene with the screen; but Charles never tries to control anything in the auction of the family portraits, for he is always perfectly satisfied with anything he does. And so was I; here is a new face of the highest quality.

Judy Buxton's Lady Teazle is never allowed to refer back to her country upbringing; she has settled wonderfully into her new world, and her most outrageous behaviour is always acted out with good breeding. She looks exquisite, and moves with an elegant grace. As Maria, Petronilla Whitfield seems to me to be aiming in the wrong direction, charming as her performance is.

Bill Fraser makes the honest Rowley a quiet, undemonstrative fellow; and there are two small performances that delighted me, Gordon Gostelow as Moses and Stephen Jacobs as Charles's servant Trip, who clearly moulds himself on his master.

Nash Ensemble/Wigmore Hall

David Murray

On Saturday the Nash Ensemble offered rather a mild programme, with the chief rewards at the end. The Nash piano-trio team carried most of the concert, though Christopher van Kampen's cello was replaced by John Pigneguy's excellent horn for Brahms' E-flat Trio, op. 40 — a sturdy, shapely performance. The basic piano trio supplied Sarah Walker's accompaniments in seven of Beethoven's folk-song settings (charming as always) and in three cosy Pastoral Songs by Roger Quilter, utterly enclosed in effect despite their marks of impressionist lessons learned.

It seemed a waste not to hear something more ambitious from Miss Walker, though it must be a relief for so busy an artist to sing a little undemanding music in the occasional concert. At least the Quilter songs, composed in 1920, helped to mark out the distance that his contemporary Frank Bridge had travelled when he wrote his second Piano Trio in 1929 (but some earlier Bridge might have served better).

The Trio is a beautiful and extraordinary work, not merely "advanced" but coherently original, strongly built, marvellously set out for its players and full of troubled emotional power. Among British chamber music of its half-century there is nothing to compare with it. The Nash performance was of high distinction, searching but thoroughly polished too. One can imagine more amplitude and authority in the string parts (Van Kampen and the violinist Marcia Crayford), though hardly more sympathy; they were shaded by Ian Brown's exemplary delicacy and precision of phrase at the piano, playing that bespoke a complete grasp of the work and sounded magical.

Royal visit to the NFT

Two films which have been *restored as part of Mobil's* sponsorship of the National Film Archive will be shown at the National Film Theatre on January 19. They are *Victoria the Great*, starring Anna Neagle, and the official film of George VI's Coronation.

Another special NFT occasion occurs on February 3 when Merchant Ivory's film of the *Booker prize winning* novel, *Heat and Dust*, has a charity premiere. The proceeds will be divided between installing Dolby sound at the NFT and the London International Film School. Princess Alexandra will be at the screening, at the Curzon cinema, and tickets are available from 01-439 8807.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 7–13

Music

LONDON

Bochmann String Quartet: Haydn, Prokofiev and Ravel. Purcell Room (Mon). (928 3191)

Philharmonia Orchestra open rehearsal and performance conducted and introduced by Oliver Knussen. Copland Inscape and first British performance of Jacob Druckman's Aureole. Barbican Hall (Mon). (638 8891).

London Mozart Players conducted by Harry Blech with Tomotada Soh, violin and Wolfgang Manz, piano. Haydn, Mozart, Schubert and Mendelssohn. Queen Elizabeth Hall (Wed). (928 3191).

Royal Philharmonic Orchestra conducted by Andrew Litton with Shura Cherkassky, piano. Bernstein, Tchaikovsky, Elgar and Copland. Barbican Hall (Wed).

Paco Pena flamenco guitar recital. Queen Elizabeth Hall (Thur).

Richard and Patricia Holmes, cello and piano. Beethoven, Delius, Dvorak and others. Purcell Room (Thur).

WEST GERMANY

Munich Herkulessaal Der Residenz: Melos Quartet with Konstanze Eickhorst, piano and Georg Hoernjas, Double-bass. Schubert (Tue)

Munich Herkulessaal Der Residenz: Bavarian Radio Symphony Orchestra under Günter Wand with pianist Edith Peinemann. Stravinsky, Prokofiev and Tchaikovsky (Thur)

Frankfurt Alte Oper: Helmut Rilling conducting the Radio Symphony Orchestra Frankfurt and his Gächinger Kantorei Mendelssohn's Paulus. Soloists are Arleen Auger, Adalbert Kraus and Wolfgang Schoene (Thur).

NEW YORK

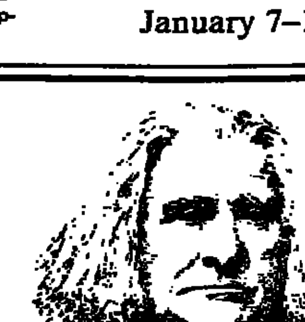
Avery Fisher Hall: New York Philharmonic, Witold Lutoslawski and Zubin Mehta conductors, Roman Jablonski cello. All Lutoslawski programme in honour of the composer's 70th birthday (Tue); Larry Newland conducting, Janice Meyerson mezzo-soprano. Carter, Bernstein, Sibelius (Thur). (874 2424).

Carnegie Hall: American Symphony and the Orpheon Chorale, Jesus Lopez-Cobos conducting. All Rossini programme (Mon); Philadelphia Orchestra, Ricardo Muti conducting, Alexis Weissenberg piano. Brahms, Schoenberg, Liszt (Tue); New York New Music Ensemble, Jane Bryden and Beverly Morgan sopranos. Zallman, Paca, Jazwinski, Porter, Boulez (Thur).

92nd St. Y (1395 Lexington Av): Mendelssohn String Quartet. Beethoven, Ives, Webern, Mendelssohn (Tue). (427 4410).

WASHINGTON

Concert Hall (Kennedy Center): National Symphony, Max Rudolf conducting, Ivan Moravec piano. Weber, Beethoven, Brahms (Tue, Wed, Thur). (254 3776)



Liszt at New York's Carnegie Hall

CHICAGO

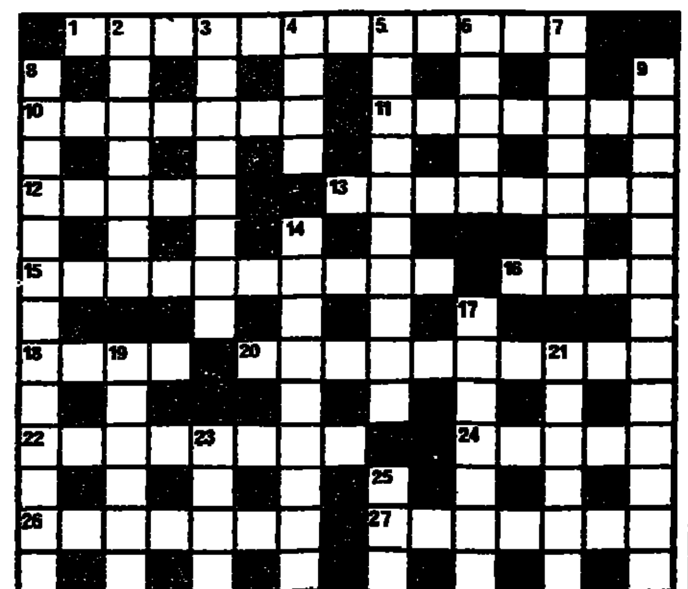
Orchestra Hall (220 S. Michigan): Chicago Symphony, Georg Solti conducting, Anne-Sophie Mutter violin. Tcherepnin, Mendelssohn, Dvorak (Wed, Thur). (435 8122)

VIENNA

Musikverein (658190): Alexander Jenner, piano. Mendelssohn-Bartholdy, Schumann, Debussy and Liszt, (Mon); Kuechl Quartet. Mendelssohn-Bartholdy, Mozart and Dvorak (Wed). Haydn Quartets (Thur).

Konzerthaus (721211): Hausmusik in the Mozart-Saal. Haydn, Brahms, (Tue); ORF Symphony Orchestra, conductor Gert Albrecht. Portrait of Gyorgy Ligeti. (Thur).

F.T. CROSSWORD PUZZLE No. 5,067



ACROSS

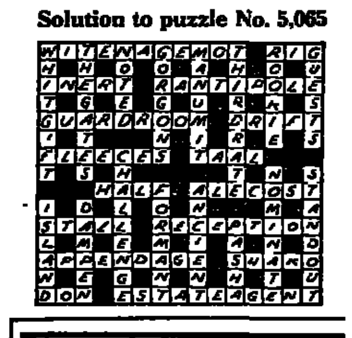
1 Fates? (7, 5)
10 Scoring in football but not in tennis (7)
11 Withdraw statement about the religious pamphlet (7)
12 Got an order for a light vehicle (5)
13 Give rage in order to afflict (8)
15 Sailor has the answer to forgiveness (10)
16 But it was not a potentially evil tribe (4)
18 Bound to look at record returned (4)
20 Free but in vain (3, 7)
22 Complete although uneven (8)
24 Order a hospital to deal with this witchcraft (5)
26 Voter turns tail on seeing a duplicate printing plate (7)
27 Spoon for one of twelve followers (7)
28 Even this accommodation is below ground (8, 4)

DOWN

2 Trips abroad in German and Swiss capitals (7)
3 Can I be friendly when about a hundred? (8)
4 Reports begin to move up in the 50s (4)
5 Word of warning on land in a conspicuous position (10)
6 Man of parts (5)
7 Swing high in the Big Top (7)
8 A for Adam, the first landlord (7, 6)
9 Car's turning circle? (8-5)
14 Concentrated on space for valuables (10)
17 Dismissed workers temporarily and kept at a distance (5, 3)
19 Saying one of a number in the Bible (7)
21 Sluggishness of train, i.e. moving (7)
23 Swear words? (5)
25 Caution about hostilities to the north (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

Solution to puzzle No. 5,065



FINANCIAL TIMES

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Monday January 10 1983

The proof of the pudding

IT IS a marked change to hear President Reagan saying that recent Russian overtures such as the raft of arms control proposals contained in the Warsaw Pact communique from Prague mean there is a "serious foundation for progress." It is also unusual to find Britain, usually one of the more hawkish members of Nato, lining up with West Germany to stress the importance of the communique. But the West has been sensible in making a constructive response to the latest moves by the new Soviet leadership.

The shift means that Nato has largely stilled the voices of those who argue that it has recently been over-hasty in rejecting any initiatives backed by Moscow. More important, the alliance is now well placed to seize on the positive elements in the Prague communique, even if much of it is familiar and unsurprising, and if its flavour and timing suggest that it is partly a propaganda exercise.

The incentive for Soviet propaganda is evident enough. The end of this year is the deadline for the deployment of the first Pershing II and Cruise missile nuclear weapons in Europe if there is no limitation agreement between the two superpowers in Geneva.

It has long been assumed that the Soviet Union would delay any possible progress in these negotiations at least until the eleventh hour, if not longer, and that in the mean time it would mount the maximum "peace offensive" to play on the sensibilities of a nervous public opinion in Western Europe. Since West Germany which is pivotal to the Nato agreement, goes to the polls in two months' time, the Warsaw Pact communique has arrived right on schedule.

Steps

As for the detailed elements of the Warsaw Pact communique, some are primarily propagandist, if superficially attractive; some should be, in principle, welcomed, subject to appropriate safeguards; and some, while obviously unacceptable as they stand, may (or may not) represent tentative steps in the right direction.

The idea of a non-aggression pact between Nato and the Warsaw Pact is superficially attractive. But the history of such pacts is not encouraging: they remain valid only until the moment (which may have been pre-planned) when they are broken. The only kind of non-aggression pact which would be worth having would be one born of mutual trust and co-operation, not of fear and suspicion, and should therefore be contingent on reliable reductions in East-West tension.

The proposal for a comprehensive nuclear test ban is essentially welcome, and is an idea which has in principle been supported by the UK. The 1978-1980 negotiations were stalemated over questions of verification.

However, the Prague communique appears to mark a move by the Russians towards accepting the need for verifications of arms control agreements. Since it is this problem which has been holding up progress in a range of fields, such as chemical weapons there is clearly room for Western probing.

Another point to be explored is Mr Yuri Andropov's general suggestions for a U.S. summit meeting. President Reagan has not turned it down, although he has (rightly) commented that such a meeting would have to be properly prepared.

The central question which which needs to be established is whether, after all allowance has been made for the propaganda element, there remains anything in the communique which represents a genuine Soviet desire to reach equitable agreements reducing the dangers of war for both sides, and if so which sorts of agreements might in the end prove negotiable.

Unacceptable

The Soviet proposal for limiting European-based intermediate-range nuclear weapons is obviously unacceptable to the U.S., since it would leave the Russians with substantial numbers of SS 20s while ruling out any deployment of new Nato weapons. But is this just a clever move, designed to appeal to some in Europe because it offers the prospect of *some* reduction in Soviet missiles, or could it be a first step towards a tolerable balance?

The prediction that the conventional force talks in Vienna could be concluded in one or two years is odd, considering that they have been deadlocked for ten years; unless the Soviet Union intends to help break the deadlock. The Soviet proposal for cutting strategic nuclear weapons is much more modest than the American proposal—to which it is merely an answer; but perhaps it is an encouraging first step.

None of these questions can be answered except through the process of negotiation. The U.S. and its European allies should do all they can to ensure that there is no unreasonable foot-dragging on the western side, and that in the increasingly public controversy over the rival arms control proposals, the West is seen to be taking constructive and reasonable positions.

Vice President Bush's planned visit is to be welcomed to the extent that it helps over this.

A strong case for student loans

THE PRINCIPLE that British students should be financed by outright grants is denied by the facts. Of about 350,000 studying full-time for a degree or the equivalent, and so guaranteed a grant, probably a third or more have overdrafts. The proportion in debt is likely to be greater among the 400,000 who continue beyond school on full-time courses of lesser academic standing and who depend for grants on the generosity of hard-pressed local authorities.

Conservative leaders are considering a plan—probably to be in their election manifesto—to drop the grants-only principle. Spending on the grants apparatus, now totalling about £900m a year, would be cut. The payments even to young people from poor homes would be halved, and possibly withdrawn completely from their wealthy counterparts. Students would have to make up their finances with Government-administered loans, probably at less than commercial rates of interest and repayable over a period by all recipients whose later income exceeded a certain level.

Levels

Comparable mixtures of grants and loans are the rule in the great majority of developed countries. Two opinion polls in recent years have found that 56 per cent of the electorate would support the idea of Britain following suit, with only about a third against. But the Labour Party, the Trades Union Congress and associations of students and other educational interests are adamant that the grants-only convention be retained and furnished with much more taxpayers' money.

It no doubt could have been if, as was hoped two decades ago, the raising of educational levels in the workforce by the tripling of the student population had more than paid for itself in increased productiveness.

The reason why the hopes of the 1960s were disappointed may lie in the shape of the post-school sector of studies which has grown up around the grants-only principle. British higher education seems far less germane to economic purposes than its West German counterpart which is fairly similar in terms of the proportion of eligibly aged people enrolled as students.

Costs

The changes being imposed by Britain's University Grants Committee through the instrument of quotas on students in the various subjects will not swing the balance of the British system appreciably towards the promotion of economically supportive skills. A loan element which made choice of subject by aspiring students more responsive to the market would offer a more effective means of reorientation, always provided that quota restrictions were lifted so that higher educational institutions were free to respond in their turn.

While mixed financing would need more bureaucracy to administer, running costs could be held down by designing the loan scheme so as to permit simplification of the grants apparatus.

Provided repayments were not required of former students with less than a reasonable income there would be no intrinsic reason why a loan element should deter children of poor families from continuing their studies. They are more likely to be deterred by the maintenance of the grants-only myth while even the maximum payments fall farther below students' costs

The financial benefit of higher education to most students is illustrated by the Household Survey's finding that in 1980 British men with degrees on average enjoyed a 45 per cent income advantage over male earners as a whole. It is only fair that some of the cost should be repaid.

America's communications revolution: 1

The breaking and making of Ma Bell

The first in a special series by **Guy de Jonquieres** and **Paul Betts** on the most dramatic upheaval in U.S. business history: the break-up of the giant AT & T group.

AMERICAN Telephone and Telegraph is, by most measures, by far the biggest privately-owned company in the world. It has 84m customers, employs almost 1m people and last year generated total revenues of $64.6bn.

Its assets of almost $150bn exceed the combined total for Exxon, Mobil and General Motors, the three biggest companies in the Fortune Industrial 500. Its capital spending, though scaled down to about $18bn last year, has regularly accounted for about 8 per cent of total investment by American industry.

Its Western Electric subsidiary is the world's largest telecommunications manufacturer, with sales last year of about $13bn. Bell Telephone Laboratories, its research and development arm, has an unrivalled record of electronics innovations, including the transistor and the laser, which have earned its researchers seven Nobel prizes.

AT&T's market capitalisation stands close to $60bn and it is the world's most widely-held stock, with 3.2m investors—two thirds of whom own less than 100 shares. Together with its Bell System, it is the heaviest corporate borrower in the U.S. with outstanding medium- and long-term debt of $44bn. Its pension funds have a market value of $35bn.

THE U.S. telecommunications industry is in the throes of the most violent and far-reaching upheaval in American business history. It affects every household and business in the country, and its reverberations—which are already starting to be felt overseas—will continue to echo around the world for years to come.

American Telephone and Telegraph, the world's largest company in terms of assets, employees and shareholders, is shortly to be dismembered as a result of an historic anti-trust settlement. Its vast Bell System, a national institution which has provided a superbly managed and efficient telephone service for generations, is being wrested from AT&T's control and split into fragments.

"I don't think that I have ever heard of anything as complex and difficult an accomplishment as this massive disentagling of what has been an organisation purposely knitted and intertwined for effectiveness and efficiency over 100 years," says Mr Charles Brown, AT&T's chairman.

Indeed, no company has been forced to undertake such a sweeping reorganisation since the federal government ordered the dismantling of John D. Rockefeller's Standard Oil empire and of American Tobacco at the start of this century. "We are essentially undoing the entire fabric of the system," explains Mr John Segall, AT&T's head planner. "We are taking apart everything we did and we are seeking to put it all together again."

Moreover, no company has ever before had to undertake a reorganisation on this scale while its basic business was undergoing fundamental, and to a large extent unpredictable, change. The boundaries of telecommunications are being drastically redrawn. The long-standing—and increasingly unworkable—U.S. policy which erected a barrier of regulatory controls around telecommunications, separating it from the unregulated world of data processing, has been dismantled.

This has cleared the way for the untrammelled growth of new products and services which combine the technologies of both businesses. In turn a slimmed-down AT&T — albeit with assets second only to Exxon—has been freed to enter almost any business in which it chooses to deploy its huge industrial and technological resources.

As Mr Segall likes to say, Ma Bell was not going to become an unwise virgin and miss the party. It was, in a sense, forced to split itself up to adapt to a fast-changing market if it was to survive.

The crumbling of the old order has also triggered a stampede into telecommunications-related activities by other companies as diverse as International Business Machines—against which the Government also dropped its anti-trust case last year—and Merrill Lynch, the world's largest financial services group.

For most of the past 100 years AT&T and the U.S. telecommunications industry have been virtually synonymous. "One system, one policy, universal service" has been the guiding philosophy of the company. Its 22 local telephone subsidiaries today serve about 85m of the 97m subscribers in the U.S., and its Long Lines division handles 95 per cent of all domestic inter-state long-distance calls.

The impending break-up of this monolith and the removal of its virtual monopoly will dissolve one of the most remarkable and enduring compacts ever concluded between the public and private sectors in a country imbued with the spirit of free enterprise.

It will end an era in which telecommunications has operated as a public utility whose prime objective was not to maximise profit but to achieve the highest possible level of telephone penetration. The Bell System has made complex trade-offs between costs and returns to ensure that the facilities available to the inhabitants of Manhattan, New York, were accessible on the same terms to subscribers in the wheatfields of Manhattan, Kansas.

The future of the industry will no longer be determined by the Bell System's planners and engineers but by the cut-and-thrust of competition, driven by advances in technology and by whatever customers demand and are prepared to pay for. AT&T, after occupying most of the field, is becoming just one of the players in an even bigger game whose rules have yet to be defined.

Extraordinary as it may seem, all this is happening without any grand design or overall co-ordination. Other industrialised countries, before embarking on such a course, would have set out their broad policy objectives in legislation and established formal machinery to manage the transition.

But in the U.S., the change stems from a haphazard collision between advances in technology, often inconsistent intervention by separate branches of the Federal Government and the courts, and the thrust and parrying of AT&T and the rest of the industry.

As a result, some gaping loopholes have been left open. For instance, the law fails to specify who should have custody over the next year of some $10bn of Bell System subscriber equipment which was deregulated at the start of this month. Even the question of whether AT&T or its divested operating companies should own the rights to the famous Bell logo is still in dispute.

Mr Zane Barnes, president of Southwestern Bell, one of the local companies, is among the many voices to express concern about the lack of a clear policy. "Our industry doesn't have one. We don't have a cohesive national policy statement to guide us through the shoals of the information age," he says.

In the midst of the turmoil, AT&T is striving to shake off the habits of a century and to chart a wholly new course for the future. Its management is seeking to implement strategies simultaneously on three principal fronts:

- To comply with the anti-trust settlement which it reached with the Justice Department a year ago, it is preparing to dispose of its local operating companies early next year. The companies, which together have assets valued at $120bn, will be spun off to its shareholders in the largest transfer of ownership in U.S. business history.
- It is scrambling to take advantage of its new-found freedom to enter competitive markets, in which it expects to achieve much of its future growth. The way was cleared by a Federal Communications Committee (FCC) ruling, known as Computer II, which took effect at the start of this year. It allows AT&T to sell as well as lease equipment and to branch out into businesses like data communications, electronic information processing and office automation.

Last month, the FCC took its pro-competitive policies a stage further, abolishing the distinction between voice and data transmission on international routes. The controversial decision allows AT&T to offer computerised data services abroad, while permitting other companies to enter the international telephone business.

- While preparing to defend its home market against increased competition AT&T is seeking to resume large-scale equipment sales outside the U.S. after an interval of half a century. It is already involved to telecommunications projects in South Korea and Saudi Arabia and agreed last week to set up a joint venture with Philips, the Dutch electronics group, to market public exchanges internationally. When the collaboration with Philips was first mooted last autumn, it aroused fierce criticisms from the French Government.

AT&T's first priority is to break up its Bell System network. For the company's top management, many of whom started out in the local companies, it is also the most painful part of the exercise. "It is a terribly wrenching, difficult and costly process," says Mr Brown.

AT&T and the operating companies are being forced to divide between them the Bell System's 827m miles of cable, 19,000 telephone exchanges, hundreds of buildings, vehicles and furniture right down to stationery and paperclips. Even the ownership of payphone kiosks will be shared out. At the end of the process, the 22 Bell units will be consolidated into seven regional holding companies, each roughly the size of British Telecom.

For the average residential telephone subscriber, the new system is likely to prove perplexing and costly. Local services are being divided up into a ferociously complex patchwork of operating areas. Subscribers' bills will contain two separate accounts for local and long-distance calls. And the former is certain to be much bigger than in the past.

The break-up will end the automatic subsidy which AT&T has paid to local services out of its profitable long-distance revenues. That will raise local charges by as much as three times over the next few years, AT&T insists, though, that this realignment of prices with costs has been inevitable since the FCC decided more than 10 years ago to permit limited competition in the long-distance market, which has steadily driven down AT&T's tariffs.

AT&T fought hard to limit inroads by its smaller rivals. But in the end it concluded that the struggle to preserve its monopoly was devouring too many of its resources and obstructing its drive to explore new markets. A year ago, it agreed with the Government to surrender control over local telephone service in exchange for the freedom it wanted to compete outside the regulated telephone business.

In the circumstances, it struck a pretty good bargain. It is being allowed to retain almost intact Bell Labs, its lucrative Long Lines division and Western Electric. The operating companies, while accounting for some three quarters of AT&T's assets, produce only about 40 per cent of its revenues. Their rate of return has been increasingly restricted by state regulators in many parts of the U.S.

The AT&T which emerges from the split will therefore be more than a match, in terms of industrial, technological and financial muscle, for any of its prospective rivals, including IBM. What it lacks, however, is experience in developing and selling new products in fast-moving markets where the customer is king.

It is seeking to make good the deficiency at high speed. It has set up a separate subsidiary, American Bell, to sell deregulated equipment and services, including small computers. It has recruited several thousand new salesmen, lured by the promise of generous performance incentives, and plans to sell telephones through Sears, the nationwide retail chain.

But, as its senior executives admit, the toughest challenge will be to alter the ingrained monopoly attitudes of the engineer-dominated organisation behind its glossy new shop window. "The most difficult problem to resolve is a cultural one," says Mr Segall. "If you've been extraordinarily successful, almost dogmatically successful, it's very difficult to change your mental pattern."

There are many in AT&T, like Mr Segall, who believe that the interests of the country as a whole will not be served by dismantling the network monopoly. "We won't put humpty dumpty together again," he says. But there are also many within the company who argue that Universal Service has outlived its usefulness, and that free competition will offer a more efficient framework for the development of what is already being called the Information Age.

In the final analysis, AT&T and the Federal Government made a deal in the best American business tradition. Only time will tell whether the price was right.

Men & Matters

Bankers' man

One job that Robin Leigh-Pemberton is not likely to take over from the outgoing Bank of England governor Gordon Richardson is the chairmanship of the select band of central bank governors which assembles in conditions of tight secrecy and some opulance at the Bank for International Settlements (BIS) in Basle monthly.

On the Monday preceding the second Tuesday of each month except August and October the governors of the Group of Ten leading industrial countries plus Switzerland meet to mull over the world's finances and occasionally to hand out largesse as lenders of last resort.

Until he retired a year ago, the meeting was chaired by Dr Jelle Zijlstra, former head of the Netherlands aBnk, who was also president of the BIS. Since then Richardson has chaired the meetings while the BIS presidency has been assumed by Dr Fritz Leutwiler, president of the Swiss National Bank.

The new chairman of this regular get-together will weild considerable influence in steering the world's banking system through stormy seas. The bankers are looking for one of their number of both standing and long experience in central banking—a specification which might seem to exclude Leigh-Pemberton.

However, there have been a numbr of changes in the top jobs at other central banks recently and few of the old hands are left.

One obvious candidate would be Dr Leutwiler himself. No doubt he would relish the job. But his appointment would mean reverting to the old and rather restrictive system of combining the chairmanship of the meeting with the BIS presidency.

Besides, Switzerland is not a Group of Ten nation and the outspoken Dr Leutwiler might be considered as just a little too "neutral" by his fellow committee members.

Today's first meeting at Basle since Leigh-Pemberton was appointed next Bank of England governor will see the start of some discreet jockeying for position. It will be some months yet, however, I understand, before the college of central banking cardinals finally selects its new Pope.

"Your father could've been in the Cabinet if you hadn't spent all Thursday on that phone."

Hardy breed

It would be rash to offer prizes for stories about waste in the public sector. But the latest case from West Germany must be hard to beat.

The German Federal Audit Office, in its latest report, tells of the seemingly indestructible arbitration commission of Koblenz.

Set up 30 years ago to handle difficulties arising from the then London debt agreement the secretariat was to be manned as required, and paid for by the West German government.

The last case was closed three years ago and it might be expected that the commission would suffer the same fate as so many British quangos.

Not in Germany. A staff of four is soldiering on although they have nothing to do. The Audit Office generously glosses over the situation by saying "they simply administer themselves."

Their salaries and other expenses cost the taxpayer DM 400,000 a year.

The West German Foreign Foreign Office has so far fought against moves to close the commission; but has also, it must be said, resisted temptation to hire more staff to handle the zero workload.

Off stage

Wells Fargo, the U.S. stage coach company turned bank, has been robbed of two of its key personnel. Dick Cooley, chief executive for the past 16 years, has moved north to take over the reins of the troubled Seafirst Corporation; and Carlos Rodriguez-Pastor, head of international banking, is going south to become Peru's Minister of Finance.

The departure of 59-year-old Cooley had been expected. He has been grooming his successor Carl Reichardt for the past three years. But his decision to move to Seafirst Corporation comes as a surprise. Seafirst has suffered heavy loan losses following the collapse of Penn Square Bank of Oklahoma last summer.

When Cooley took over as chief executive of California's fourth biggest bank in 1966, he was regarded as the boy wonder of U.S. banking. But Wells Fargo has never quite fulfilled its potential.

In recent years it has outperformed rival San Francisco-based banks, like Bank of America and Crocker, but has lagged behind Los Angeles groups like First Interstate Bancorp and Security Pacific.

This failure to realise earlier premise perhaps partly explains why Cooley has quit Wells Fargo for a bank less than half its size but with far more daunting financial and management problems.

Rodriguez-Pastor, who headed the Peruvian central bank before joining Wells Fargo in 1969, has been under pressure for the past couple of years to return to Peru to reinforce the country's financial management.

The resignation of Dr Manuel Ulloa, who combined the job of Prime Minister and Finance Minister, has left a vacancy he could hardly refuse to fill.

Tight planes . . .

I am fully behind the Canadian Transport Commission in its demands — reported in Pilot magazine — that overweight passengers should be given a seat for each buttock if they are too fat to squeeze into the standard space.

The airlines, apparently, think it is a bit of a cheek to expect them to provide the second seat free.

. . . tight ships

And I'm happy to pass on the news from a U.S. paper that cruising from Miami will be a little less cramped this year. The report explains that the passenger occupancy rate has dropped to 90 per cent, "from more than 100 per cent last year."

Observer

EAST-WEST RELATIONS

Reagan squares up to 'trial by Yuri'

By David Buchan, East Europe Correspondent

THERE HAS been a change in the diplomatic wind—it's blowing from the East. Armed with the draft of "peace" proposals from last week's Warsaw Pact summit, and his own recent arms control initiatives, Mr Yuri Andropov has succeeded in throwing the West on to the defensive.

At the same time, western and specifically U.S. policy shows signs of shifting: Washington seems to be placing more emphasis on pursuing arms control agreements; dropping any notion of outright economic warfare against the Soviet Union *that would profoundly irk West* Europeans and force East Europeans to close ranks with Moscow; and putting a higher price on Nato alliance unity, after the past year's raging debate over West European involvement in the Siberian gas pipeline.

But Mr Reagan can no more afford than any other Western leader to let public opinion see him as roughly dismissive of arms control proposals. The West now has to react. The burden of this response naturally falls on Mr Reagan, who has taken the significant step of sending Vice-President George Bush later this month around West European capitals to discuss the new East-bloc proposals.

Certainly, the rough edges have been knocked off the Reagan anti-communist crusade. No one will shake the President's stated belief that communism belongs on the "ash-heap of history." But Mr Reagan has not returned to the rhetoric of his first presidential press conference that the Russians were "liars and cheats," and therefore, by implication, their signature on any agreement could not be trusted.

Smoother voices have been raised in Washington. Mr George Shultz, the bland Secretary of State, is discreetly making his mark. Mr Caspar Weinberger, the Defence Secretary, keps his hawkish views more to himself.

The caveat is that the Reagan team remains remarkably united—more than the Carter Administration ever was—on the overall political approach to the Soviet Union. This approach is one of profound suspicion of Russian actions and motives. Détente cannot be "compartmentalised." Arms control cannot be placidly pursued while letting the Russians get away with "blue murder" in Afghanistan, Africa, Central America, or indeed Poland. Improvement, the Reagan Administration insists, has to be along a broad front or probably not at all.

At least the two superpowers are now talking to each other along a reasonably broad front. In addition to the two sets of nuclear arms negotiations under way, the U.S. has now held several rounds of talks with the Russians on Angola, and one on Afghanistan, and further rounds are possible. Mr Andropov's accession to power has brought no immediate change in the substance of Soviet policy. U.S. experts agree, however, that Mr Andropov brings "a degree of energy and diplomatic skill, lacking in the later Brezhnev years."

Some in Washington see cause for optimism

Some in Washington see cause for optimism in this. Mr Andropov's direct talks with *President Zia of Pakistan*, coupled with Soviet Press reports linking the possibility of phased Russian troop withdrawals to non-intervention by outside powers, is seen as setting out the conceptual basis for a settlement in Afghanistan. Noting that the death of Stalin in 1953 ushered in a spell of fruitful East-West diplomacy, such as the Russian pull-back from Austria, one senior U.S. official said: "We would like Afghanistan to be the analogy of this."

Others are less sanguine and see Mr Andropov's cleverness as simply dangerous (even though such a view underestimates the pretty collective nature of Soviet-style government). "This man (Andropov) really understands us and knows how to twist words," attests General Edward Rowny, from his experience as chief U.S. negotiator in the START long-range nuclear arms talks. "This is trial by Yuri," he quipped.

The U.S. did rebuff, within hours, Mr Andropov's offer last month to reduce Soviet medium-range missiles to the number of British and French missiles. But U.S. officials acknowledge the triple astuteness of the Andropov offer, which (a) comprised a regional, European sub-ceiling on SS-20 missiles to appeal to all West Europeans; (b) was couched in such a way as to drive a potential wedge between non-nuclear West Germany and the nuclear powers of Britain and France; and (c) put forward the superficially reasonable proposition that the Soviet Union should be equal to the combined weight of its adversaries. The snag, of course, is that this would make the Soviet Union stronger than any single adversary—a position unacceptable to any U.S. administration and particularly one under Mr Reagan.

But, for political reasons, the "Euromissile" deployment must be pursued, unless and until agreement can be reached in Geneva, and pursued by political means. This requires renewed efforts to convince western public opinion that the Reagan Administration is genuinely keen on reaching an arms control accord. Some U.S. officials suggest that Washington would *also* have to go further than ever before in making public data about the "Soviet threat" whatever the complaints from U.S. intelligence services.

Arguments within the Administration over economic strategy towards the Soviet Union have been muted recently—but *only* because for the moment the whole issue has taken second place to that of cruise and Pershing deployment.

New alliance studies on East-West relations—which were set in motion last November—are being farmed out to various bodies: the one on technology export controls goes to CoCom (the trade-vetting committee in Paris), East-West credit policy to the Organisation for Economic Co-operation and Development, alternative energy sources to the International Energy Agency, and general East-West trade to Nato itself. These studies will take some time to complete. That is partly the point. Apart from saving Mr Reagan's face when he had to drop his sanctions on the Siberian pipeline, the studies are designed to let the allies' tempers cool after the pipeline row and buy a breathing space.

But the differences inside the Administration, and fundamental divisions between the U.S. and its allies about how to trade with the East remain. The Reagan team has never had a single view on this. However, experience of two years in office has narrowed the debate somewhat. Economic warfare against the Soviet Union is not an option, if it ever was, Mr Richard Perle, the key foreign security adviser in the Defence Department, insists.

Nor is it true, Mr Perle says, that the U.S. welcomes anything that weakens the Soviet economy. "We would, for instance, be pleased to see growth in Soviet consumer goods because this might shift resources from the military sector."

The U.S. view remains that, even if the West does nothing to sharpen the guns v. butter dilemma, it should not blunt it (by, for instance, paying hard currency for Soviet gas).

In a sense, the Reagan Administration has slightly scaled down the scope of the anti-Soviet trade sanctions it inherited. After the invasion of Afghanistan, Mr Carter blocked the U.S. sale of steel and aluminium plants to the Soviet Union, and tried, unsuccessfully, to get his allies to follow suit. They saw denial of such basic industrial plant as a form of general economic warfare.

Mr Reagan has also had to recognise the unpopularity — among U.S. companies as well as allies—of economic sanctions for "foreign policy" reasons, as opposed to "national security" grounds. The exception has been sanctions imposed directly on Poland. The reason is that the measures—freezing export credit and debt rescheduling—affected governments solely, were applied uniformly by Nato allies, and seemed a fitting answer to General Jaruzelski's martial law. By contrast, the Siberian pipeline sanctions seemed spurious, got no Nato support and hit U.S. companies. Lost in the loud European outcry, the U.S. Chamber of Commerce, the National Association of Manufacturers and influential Republican senators with ties to big business also came out publicly against the sanctions.

Mr Reagan has in addition conceded the desirability of favouring those East European countries which differ domestically (Hungary) or in foreign policy (Romania) from the Soviet Union.

U.S. national export controls

All these qualifications, however, should not mislead U.S. allies and adversaries into concluding that the Reagan Administration is lessening its long-term push for a tougher western economic policy towards the Soviet Union. For a start is reckons the OECD agreement to charge Russia a minimum of 12 per cent on export credits has proved "phoney."

The U.S. is currently pushing its allies, in the forum of CoCom, to ban sales to the East, not only of sensitive products, such as computers, but also of technologies like micro-electronics which go into their making. Even if it does not get allied agreement on this, it is rewriting U.S. national export controls to encompass this change.

It has already created in the Commerce Department an extraordinary 10 to one ratio of export "controllers" to export "promoters"—the reverse of any government in Western Europe.

Tighter U.S. national export controls carry the threat of repeats of the 1982 pipeline sanctions. Another threat linked to this is the Reagan Administration's concern that military co-production deals, such as F-16 jet manufacture in Europe, have in the past transferred sensitive U.S. technology to allies without adequate safeguards.

If such differences over economic strategy were to flare into another open row, they could immeasurably complicate a year already fraught with pitfalls for Nato in the military arena.

Mr Andropov (left): astute offer; Mr Reagan: burden of response.

Lombard

Sterling silence far from golden

By Samuel Brittan

THE BRITISH Government's expressed attitude to sterling, if attitude it can be called, can be summed up in the following two mutually contradictory propositions, which are often enunciated:

1: There is no target for sterling—in some formulations not even a policy for the exchange rate.

2. Devaluations do not work. The gains are soon eroded and the only effect is more inflation.

Neither proposition correctly represents official policy.

The Government has had a policy for sterling, even if not a satisfactorily defined one. That policy has been not, however, to resist all depreciation but to limit the rate of fall. Compared with its October peak of nearly 93, the trade weighted sterling index has fallen by some 11 per cent. A more realistic comparison is with the range of 88 to 92, within which sterling traded in the 12 months up to October. On that basis, the effective depreciation has been 8 to 9 per cent.

Depreciation will always be bad for inflation. In the best possible case, it will make the rate of decline in inflation less than it would otherwise be. But there is no answer valid for all time to the question "Just how bad is a devaluation of a given amount?" or "Are there any compensating benefits for output and employment?" Everything depends on the state of the domestic economy, the movement of world prices and the size of devaluation involved. It also depends very crucially on beliefs and expectations about the policy regime in operation.

The basic mistake of Labour's programme is to try to use a combination of demand management and sterling depreciation, not merely to ease the economy out of disequilibrium, but to try to eliminate the very high underlying level of unemployment which has developed in recent years, and would be there even with normal economic recovery. Some hint of the unwisdom of this attempt is given even by the beloved Treasury model simulation published by the Labour Party along with its programme. This showed, on the assumption of no effective restraint on incomes, inflation rising rapidly towards 20 per cent and the annual balance of payments deficit exceeding £20bn within a few years. The latter could not of course persist. It is a coded way of saying: "still more inflation and depreciation than is reflected in our printout."

These counter-productive consequences need not follow a moderate depreciation averaging say the 4 per cent per annum rate once suggested by CBI economists. Actual exchange rate movements are always much more jerky than in any economist's blueprint. Assuming that the CBI projection was meant to apply from the beginning of 1982, we have already had the amount of depreciation envisaged for the whole period up to and beyond the end of 1983. The Bank of England is quite right to try to limit any further fall, even if this means higher short-term interest rates.

Much more important than any conceivable shortcoming in interest rate policy or intervention tactics is a lack of coherent statement of official medium-term intentions.

We risk losing the potential benefits of moderate and gradual devaluation because it has come like a thief in the night—and for all any industrialist knows—may disappear in the same way. A statement of intentions, provided it was backed by appropriate action, would not only provide some assurance that the Government would try to prevent sterling bouncing up again. It would also reduce the downside risk by giving a broad idea of the amount of depreciation acceptable over a period.

The continuation of wage moderation depends on the belief (however inarticulate) among both employers and unions that the tolerable fall in sterling is limited and will not be enough to finance any escalation of wage settlements. The market does not need to be told that the Government may fail in its intentions and sterling move outside the desired range. But the possible failure of all human endeavour is not a reason for reticence on what policy makers are at least trying to achieve.

Letters to the Editor

One way to put summit meetings on a proper footing

From the Director, Royal Institute of International Affairs

Sir, — Your New Year editorial (January 4) on summit meetings was timely and well informed but omitted a vital part of the argument—namely the time factor. In two days, a good deal of which is taken up with formal junketing, Press conferences and the like, it is virtually impossible to cover all the major issues before the heads of government, let alone deal with these in depth. Political leaders are understandably reluctant to be away from their desks for long and the travelling involved is time-consuming and exhausting for the whole party (not least the White House Press corps which notoriously loathes going abroad). But until at least *another day is added on to the* time allowed for these meetings they will continue to be superficial.

The case for this extension is further strengthened by another important fact which you do not mention; that is the widening of the conferences that has taken place in the last two years. They have now become political as well as economic summits. This change was bound to take place given the interpenetration of economic and political matters on the world scene and we should be glad of it. But unless more *time can be found, no process* of de-bureaucratisation will really be enough to put these essential meetings on a proper footing.

David Watt.
The Royal Institute of International Affairs,
Chatham House,
10, St James's Square, SW1.

A knowledge of life

From the Executive Director, European Banking Company

Sir,—Samuel Brittan (January 6) may well prefer as Governor someone "self reliant and self assured on monetary policy"—and Eddie George's day may yet come—but there are those of us throughout the City who are delighted that the new Governor knows plenty about life besides monetary theory and practice.

N. R. Balfour, MEP.
European Banking Company,
150, Leadenhall Street, EC3

Responsibility for sick pay benefits the Exchequer

From Mr M. Copleston

Sir, — The transfer of responsibility for payment of benefits from the state to the employer makes, as far as the Government is concerned, very good sense.

Mr Pritchard (December 18) has been beguiled into believing that the Social Security and Housing Benefits Act 1982 will reduce Department of Health and Social Security administration costs with no corresponding increase in cost to industry.

The immediate benefit to the Government will be a considerable reduction in the public-sector borrowing requirement caused by the delay in recovery of statutory sick pay payments made by employing organisations. In practice there is likely to be an element of SSP which will never be recovered; this will particularly apply to the smaller employer. The inclusion of SSP into the general tax net will also bring a return to the Exchequer.

Industry payroll calculations for SSP are additional to and in no way replace existing occupational sick pay mechanisms. Indeed with the panoply of unnecessary controls and hand-over procedures for state sickness benefit, for which employers will still need to maintain existing systems, it may take longer than the present processing of state sickness benefit claims by the DHSS. The DHSS may care to supply readers with an administrative cost per SSB claim on which it has based estimated savings.

The logic of transfer of responsibility is unquestionably sound; there was a unique opportunity to simplify and streamline procedures. The DHSS, either in a desperate act of self-preservation or because of total commercial ignorance, has missed the opportunity and has dealt industry a severe blow. How severe will become apparent in the next four weeks, after which, quite simply, employers will have to pay out SSP, whether or not they have systems installed to effect recovery. Those systems reflecting DHSS methods developed over the past 30 years, whether computerised or manual, will be a burden.

M. D. Copleston.
PO Box 1, Silverton, Exeter, Devon.

From the Regional Chairman (Devon) National Federation of Self Employed and Small Businesses

Sir,—Various letters recently seem to have totally missed the point of much of the concern expressed regarding the introduction of Statutory Sick Pay next April.

Everyone knows the Government's reason for introducing this new legislation and I think all would agree that bringing payments of benefits within the tax system and at the same time trying to reduce the number of civil servants is a worthy cause. Sadly, from the small businessman's point of view the load of administrative work is now squarely placed on his shoulders. Not only do employers now have to keep comprehensive records regarding all absences, whether within the qualifying structure or not, they will also have to work out the sick pay that is payable each time a claim is made, due to the three rate structure that is proposed. Anyone with any knowledge of a small business at all will be quite aware that the majority of rules and regulations already imposed upon employers (who may have merely one or two employees) are already sufficient to deter further expansion of their businesses. L. Pritchard (December 18) also states that suggestions of prospects for workers with poor health "will be lessened is misleading" is in itself misleading. There is no doubt whatsoever, that under the new legislation employers will be very wary of new employees who have a poor attendance record through perhaps ill health, a very active but accident prone sporting career and many other categories. No, the idea of SSP was correct but the implementation method very suspect and one that in my opinion the Government will come to regret.

A word on the numbers of civil servants: the original intention was to cut the Department of Health and Social Security by 5,000 after the introduction of SSP, this was later amended to 3,000 when repayment to employers had to be conceded. What no-one seems to have yet appreciated is that as the Government has chosen to bring in a three-waiting-days period for every individual sickness period, there will never be more than three days paid in any *first week of sickness to any* person (assuming a six day working week). Knowing that the very highest rate of SSP to be paid to anyone (single or family man) how can anyone hope to survive on £18.50? The only answer of course is that they will have to appeal to the DHSS for the only other benefit then available for them to live on, supplementary benefit, a means tested benefit. So, in my opinion, every sickness benefit claim dealt with by any employer not paying sickness benefit of his own (and this is the majority of cases in the small sector) will end up back at the very place where civil servants have just been cut back.

I. L. Handford.
71 Park Road,
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Torquay, Devon.

Socialbility

From Mr S. Peters

Sir,—I was interested in David Marsh's article "This timorous new TV world" (December 29) but would disagree on many points.

Most fundamentally, I would disagree with his argument that improved communications were only likely to lead people to "switch on the entertainments machine." He overlooks the fact that the best communications coming in the "foreseeable" future are going to lack many of the qualities which human beings seek when they socialise; smell, touch, human warmth and comfort. Undoubtedly people will meet (that is personally meet) in different circumstances to now; but I have little doubt that they will continue to do so.

Why talk about any "academic subjects" when you can read the book? (I wonder what Gutenberg's opponents said?) Why go and see friends when you have a telephone? Why meet people in the street when you can take the car? I think the *difference between* yesterday's and tomorrow's advances is quantitative not qualitative.

I believe human beings are (quite) sociable. I think we will find the travel industry will blossom as never before: people will be able to go out when they want to, rather than because they have to.

I disagree also with his jaundiced view of the present consequences of the electronics revolution. I probably hate TV games more than most; but I was disappointed to see the Financial Times criticising them for not satisfying any "meaningful need." Why should government and industry decide the "meaningfulness" of our "needs."

Stephen Peters.
1 Goodwood Road,
Leicester.

FINANCIAL TIMES

Monday January 10 1983

HOSTILITY GROWS TO SECOND PHASE OF ECONOMIC MEASURES

Problems mount for Fanfani

BY JAMES BUXTON IN ROME

AGAINST a troubled political background and signs of social tension, the Italian Parliament will this week begin debating the Government's package of economic measures, the second stage of which was introduced at the weekend.

The measures – a combination of tax and tariff increases and cuts in *health and social security spending* – are expected to reduce this year's projected public sector deficit by about L1,200bn, in an attempt to keep it down to L71,000bn ($52.5bn), the same level as it reached last year.

But the measures, though clearly foreshadowed when the Government of Sig Amintore Fanfani was formed late last year, have aroused considerable unpopularity.

Last Friday a wave of small but unofficial protests by trade unionists temporarily closed stations, roads and airports all over the country, and riot police were needed to clear a small demonstration outside Rome's Palazzo Chigi, the official residence of the Prime Minister.

The alarming state of the Government's finances was emphasised at the weekend when Sig Giovanni Goria, the Treasury Minister, obtained Cabinet approval for a parliamentary Bill requiring the Bank of Italy, the central bank, to advance up to L8,00bn to the Government for a year.

This has been made necessary since the Treasury has exceeded its legal limits of borrowing up to 14 per cent of its monthly spending from the central bank. Its cash crisis has been caused by its failure to sell enough Treasury bills last November and by deficient tax revenues.

The provisions decided by the Cabinet late on Friday night involve increased health and prescription charges and cuts in some social security benefits. The Government also decided to introduce its promised but controversial "once-and-for-all" tax. Instead of the original proposal for a special income tax to raise more than L5,000bn, however, the Cabinet decided to impose only an additional levy on the existing tax on businesses and farms, to raise a more modest L2,000bn.

Unlike the other fiscal measures, which are imposed by a decree subject to parliamentary ratification within two months, the once-and-for-all tax is to be only a Bill which will have to make its way through Parliament in the normal way.

This is one of several concessions which the Government decided to make after the hostile reception to the first part of its package, which will raise nearly L7,000bn through higher income tax, a tax on property, higher fares for public transport, a special 15 per cent levy on sales of television sets, video recorders and hi-fi equipment, and other provisions.

Although the measures were criticised even by some members of the four-party coalition, the main opposition has come from the Communist Party, which has been accused of being behind the disruptive demonstrations last Friday.

Those demonstrations intensely embarrassed the official trade union organisation, particularly the non-Communist CISL and UIL unions. In an eight-hour meeting on Saturday they succeeded in persuading the partly Communist CGIL union not to back further demonstrations, *for fear of prejudicing* concessions which the unions have obtained from the Fanfani Government. They are also reluctant to back a protest movement which they fear could lead to humiliating defeat.

Instead they decided to hold two hours of general strikes staggered over this week which will be devoted to union meetings in factories to criticise the measures. An eight-hour strike in industry is to be held on January 18, but this is directed not against the Government but against the Confindustria employers' association, with whom the unions are negotiating the reform of the *Scala Mobile* wage indexation system.

Thatcher visit angers Argentina

By Hugh O'Shaughnessy and David Tonge in London

MRS Margaret Thatcher, the British Prime Minister, completed a heavy schedule of engagements in the Falkland Islands yesterday, the first full day of her surprise visit to the colony, as the Argentine government, taken aback by her action, sought to mount a diplomatic riposte.

Dr Juan Aguirre Lanari, the Argentine Foreign Minister, said the visit was "a new act of provocation and arrogance" and that it "underlines the only title Britain possesses to the Islands – that of force."

Dr Aguirre, who was clearly surprised by Mrs Thatcher's secret flight to the Falklands, was speaking in Caracas on his way to Managua, the capital of Nicaragua, for a meeting of the non-aligned movement. He had for some time been planning to launch a new diplomatic offensive there against Britain over the Falklands' question.

The 96 countries of the non-aligned movement are preparing for a summit in New Delhi in March, at which Britain's friends and Argentina will be renewing their battle for world opinion.

On November 4 Argentina won 90 countries' support at the United Nations General Assembly for a resolution calling for talks between the two countries. Only 12 countries backed Britain, and 52 abstained.

Mrs Thatcher, who insists on the "blood and treasure" Britain has spilt over the Falklands, has been refusing to consider negotiations with the Argentines over the sovereignty of the islands. Yesterday her office in London said that it was too early to say whether her visit would lead to any reappraisal of British policy, though few of her supporters expect any change before the next general elections.

Reaction was slow to come in Buenos Aires itself, where the Government of General Reynaldo Bignone is facing growing financial difficulties and rising civilian unrest. Many ministers are, in any case, on their summer holidays. Mrs Thatcher's agenda yesterday included a visit to the Royal Air Force base at Port Stanley, a call on the ships in Stanley Harbour which provide accommodation for men of the British garrison, an inspection by helicopter of an uncleared Argentine minefield, lunch with members of the islands' Executive and Legislative Councils, and attendance at evensong at Stanley Cathedral.

Her visit was "thrilling and emotional," she was reported as saying. Her reception was warm and excited from the 1,800 islanders, and was seen as a boost to the morale of the British servicemen.

Her 23-hour journey – which included two mid-air refuellings of her RAF Hercules between Ascension and Stanley – took the islanders unawares, particularly after the cancellation of celebrations, scheduled for last Monday, *of the* 150th anniversary of the expulsion of the Argentines by the British Royal Navy in 1833. Mrs Thatcher had been expected to attend those celebrations.

● John Hunt adds: Mrs Thatcher's visit to the Falklands is seen by the opposition Labour Party as an attempt to defuse any criticism of her handling of the Falklands crisis which could be contained in the Franks report to be published within the next few weeks.

Mr Stanley Clinton Davis, one of Labour's parliamentary spokesmen on foreign affairs, said yesterday that she hoped to divert attention from the costs of the Falklands operation and from Government inactivity preceding the Argentine invasion

THE LEX COLUMN

Queuing up for the sales

The queuing system used by the Bank of England to control the issue of both equity and fixed-interest securities is a unique feature of London's capital markets and one which over the years has well served the providers and takers of capital, not to mention the intermediaries.

Even the best-oiled machinery needs the occasional overhaul, however, and the equity model has just emerged from a full service with minor modifications. In future, it should be possible for more than one medium-sized rights issue, of perhaps £20m, to be announced on a single day. Similarly, there will probably not now be any bar to a small rights issue, of up to £10m, being brought on the day of the issuer's choice. The authorities have accepted that, in normal circumstances, the underwriting market should be able to absorb £200m of rights issue money in a week.

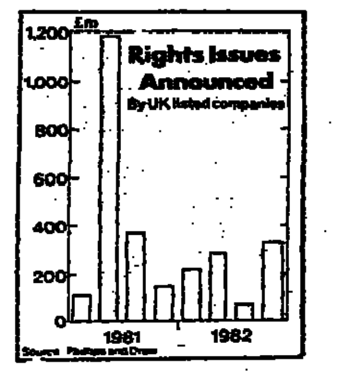
Adjustments

These are sensible adjustments. Inflation has made the previous guidelines look too modest, while the underwriting pool has been enlarged by the recent prevalence of wide discounts on rights issues. Overall, the machinery emerges with a clean bill of health. In a letter to the Government Brokers, the Issuing Houses Association writes that "a queue system, both for equity and fixed interest issues, is essential and is helpful for the maintenance of an orderly market."

The case for a queue is, however, very much more clear-cut in the case of the equity market than it is with fixed interest. In normal circumstances, a company should be able to notify the authorities of its intention to issue equity well in advance. Increasingly, rights issue announcements coincide with the publication of interim or preliminary statements, giving shareholders the best opportunity to judge the merits of the issue.

In fixed interest, however, market timing demands rather more finesse. Quite apart from the absence of formal timing constraints, the finance director knows that the coupon on his fixed-interest stocks will stare out of his balance sheet until redemption, whereas the price at which equity was raised will disappear immediately.

Yet it was partly the timidity of finance directors that caused the recent review of procedures in the equity queue. For much of last year – not a heavy one for rights issues as the chart shows – the queue was encumbered with issuers who, at the last minute, sniffed the air and



dropped out. The new arrangements are designed to accommodate the defaulter without stopping the genuine last-minute applicant.

There is an obvious risk that the practice of dropping out will become even more prevalent in the corporate bond market and that, in order to be sure of raising capital if the market just happens to look right on the allotted day, the Bank will be deluged with half-serious applications.

Already, it appears that foreign issuers of "bulldog" bonds are being held out of the market to make way for domestic corporate names which, since the gilt-edged market peaked in mid-November, have been conspicuous by their absence.

The Bank of England is rightly concerned that a measure of control should be asserted over the domestic fixed-interest market in order to prevent the sudden alternation between feast and famine which has become a common feature of the Euromarkets. A rush of issues on a day when gilt-edged have perked up can cause chronic indigestion, particularly if the market then reverses, and may ruin investors' appetites for weeks.

The danger of overcrowding in the domestic market may, however, be rather smaller than in the international market. The list of potential borrowers is shorter and the buyers of capital are used to absorbing large quantities of paper through their long experience of the gilt-edged market. Moreover, there is currently less chance of temporary crowding-out by the Government, which is funding a more modest Public Sector Borrowing Requirement to a great degree through the sale of index-linked securities and National Savings. Its increasing resort to the tap stock also reduces the risk of a sudden overkill.

The Bank should, however, reserve the right to hold up an issue if it sees serious congestion looming. By a happy coincidence, this would be both in its own interest, as the supplier of government stock, and in the interests of underwriters, who otherwise risk being saddled with a mountain of paper.

Yet that is a slightly different proposition from the queuing system as presently constructed. The Bank has certainly done its level best to make the queue as flexible as it can and has encouraged experimentation in the fixed-interest market. It has, indeed, led by its own example of ringing the changes in public debt funding. The corporate bond market serves a clear monetary purpose and prospective borrowers are let in at short notice whenever possible.

But, given the understandable sensitivity of finance directors about the timing of their plunge, it is rather anomalous that a company should be expected to announce its intentions well in advance if, on the great day, the market may look attractive before lunch and too expensive afterwards.

It could look even odder if the U.S. practice of shelf registration becomes common in this country. The idea, discussed at length in a recent paper by stockbrokers W. Greenwell, has the implicit endorsement of the Bank of England. It would enable companies to average the cost of their long-term debt, by issuing parcels of the same security over a period at varying prices, a technique already used extensively by the Government Broker.

Apprehension

It could also make the fixed-interest market a more regular vehicle for corporate funding and so reduce the considerable apprehension which finance directors feel about committing themselves to a fledgling market at one fell swoop. Finally, as the documentation would all have been prepared when the securities were registered, capital could be raised at extremely short notice.

The queue is by no means the most serious obstacle to shelf registration. A more thorny problem is the fiscal treatment – though except in the case of deeply discounted issues this may not be as inhibitive as the Greenwell paper suggests.

The principle of shelf registration would probably work best if details of the securities were made public well in advance and if, subsequently, the Bank confined its role to the ringing of alarm bells when a large Government stock was imminent or when it felt the market was becoming seriously overcrowded. The decision on timing could then be left, in most instances, to the market alone.

Renault to lay off 10,000 in pay row

By David Housego in Paris

MORE THAN 10,000 workers at Renault's major Flins car manufacturing plant outside Paris are to be laid off indefinitely from today as the result of a strike by about 100 paintshop workers which poses a threat to the government's pay guidelines.

The strike, which began last Thursday, reduced production of Renault 5 and 18 models to 400 units on Friday from a normal daily average of over 1600. The paint shop workers have been demanding a regrading of job classifications, an additional FFr 300 ($45) monthly bonus, and new hardship allowances which, management say, could add almost 30 per cent to their salaries.

Negotiations at the weekend failed to produce an end to the conflict. *The plant employs some 18,000* workers.

The company has called the demands "exorbitant." It is in no position to meet substantial new wage claims after making losses of nearly FFr 1bn in the first half of 1982. This followed a FFr 675m loss in 1981.

Flins was also the scene of a month long strike in April last year, which marked the first major industrial unrest the Socialist Government faced after taking office in May 1981.

Disputes at major car plants have wider repercussions on the economy, however, because of the national importance of the automobile industry. One in 10 French workers are employed by it.

Unlike last April's strike where discontent was concentrated amongst immigrant workers, the unrest in the paintshop has affected both immigrant and French workers. The pro-Socialist CFDT union has been the most active in leading the strike.

U.S. car imports, Page 3; UK imports record, Page 5

ECU clearing system plan

Continued from Page 1

"bank", as a possible location for the ECU settlement account. Most members apparently think that the fund is too underdeveloped and vulnerable to political change to be suitable.

One of the main official functions of the ECU – as distinct from its private use – is as the denominator for debts and credits between EMS central banks. They obtain ECUs by depositing 20 per cent of their gold and dollar reserves with the EMCF and their ECU reserves currently total about ECU 42bn.

Nimslo signs marketing deal in France to aid cash flow

BY JASON CRISP IN LONDON

NIMSLO International, the controversial 3-D camera company, which is transferring production from Scotland to Japan has signed a manufacturing and marketing agreement in France to ease its cash flow problems.

Nimslo – which raised nearly £28m ($44.8m) in London before making a single sale – announced late on Friday that production of its cameras at the Timex factory in Dundee would cease. Timex, the watch company, has been the major supplier of Nimslo cameras to date.

But last year Nimslo placed production orders with two Japanese manufacturers, Sunpak and Ricoh, after a series of production problems at Dundee caused by bad labour relations.

Yesterday, Nimslo announced it had signed an agreement, subject to ratification by the board and shareholders, with the French company Sralsen, giving it distribution and manufacturing rights in France and Belgium.

Sralsen is a wholly owned subsidiary of Fred Olsen, the Norwegian shipping and industrial group, which owns a majority stake in Timex and also has shares in Nimslo. Nimslo has received an initial payment of FFr 36m ($5.42m) from Sralsen and will receive further payments of FFr 17.6m a year for the next 14 years. Nimslo has an option to repurchase the franchise.

Mr Graham Dowson, deputy chairman of Nimslo International, said: "The cash-flow problems which naturally arose from the severe supply difficulties have been offset as a result of financial agreements made in connection with (the) new licensing agreement."

A company statement said the agreement with Sralsen was "quite separate to and in addition to" another deal involving the French Government providing Nimslo with substantial backing for research and development. Fred Olsen was then planning to take over a Timex subsidiary at Besançon, to manufacture the cameras.

The Nimslo 3-D camera is on sale in 37 states in the U.S. The camera was first launched in Florida in March last year and the company claims to have sold 100,000 at about $240 each.

Nimslo said Dundee had failed badly to meet its production target of 220,000 units a year. Timex also makes cameras in the U.S. at Little Rock, Arkansas. Under the new production arrangements Nimslo plans to supply all the U.S. by the summer and to bring forward the European launch of the camera.

First shipments to Europe are now expected in March and the camera will be simultaneously launched in the UK, France and Belgium. Mr Dowson said that the Japanese production costs were lower which would lead to a lower retail price.

Mr Dowson said Nimslo's financial results for the year ending 31 December 1982 would be "broadly in line with those achieved at the half year."

Mexican inter-bank deposits up

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO, battling with an acute liquidity crisis, is beginning to attract new short-term inter-bank deposits after suffering a period of haemorrhage, Sr Angel Gurria, the Government's General of Credit, said yesterday.

Sr Gurria said that this marked the reversal of the trend which started in August and September when about $500m of inter-bank lines held by Mexican banks were called in by foreign banks nervous about the country's situation.

He confirmed that inter-bank deposits now stood at about $6.5bn. In December several of the leading recently nationalised banks, like Bancomer and Banamex, rolled over all their lines and received fresh money amounting to about 10 per cent of their exposure.

Maintaining the level of inter-bank deposits is the key element in Mexico's international financial rescue package, which includes a $3.9bn credit from the International Monetary Fund and a new loan from foreign commercial banks of $5bn.

The inter-bank deposits are excluded from Mexico's moratorium on the repayment of principal on $60bn of public-sector debt. Sr Gurria said about $4.7bn of the $5bn had so far been committed by banks and Mexico hoped to draw the first tranche of $1.7bn soon.

U.S. regional banks and some Japanese, Arab and Latin American banks had not yet committed their portion of the loan, he said.

On the contentious issue of the private-sector interest arrears of about $1bn, Sr Gurria said the Bank of Mexico would pay off 10 per cent of the arrears at the end of January. But he did not expect much of the balance to be repaid after January unless there was a marked improvement in the Mexican economy.

He said most of the arrears for the period August 1, 1982 to January 31, 1983 would have to be refinanced in the last quarter of this year.

The Government set up a scheme two weeks ago to try to satisfy its foreign creditors, who have been demanding that past due interest be brought up-to-date. The problem of arrears has been a headache for U.S. banks in particular, since the arrears posed debt reclassification problems.

Although most of the arrears will not in fact be paid off, classification is apparently no longer a problem, because the U.S. regulators have accepted that the scheme effectively means that the private-sector loans are being serviced.

Private companies under the scheme have started to pay interest due in pesos to the Bank of Mexico which will then convert them into dollar obligations of its own to the lending banks.

Venezuela refinancing, Page 15

Tricentrol set to buy major stakes

BY CARLA RAPOPORT IN LONDON

TRICENTROL, the UK-based independent oil group, is expected to announce the purchase of major stakes in two oil exploration ventures this week.

The larger of the two, which will involve a substantial drilling schedule and a sizeable capital commitment from Tricentrol is believed to be located in Indonesia. The smaller deal is located in the Mediterranean area.

The deals will be the latest in a string of acquisitions launched by Tricentrol since it raised £28.7m ($45.92m) by a rights issue in September.

Last November the company bought an interest in an onshore UK exploration site from Conoco, the U.S. oil group now owned by DuPont, the large U.S. chemical company. At the same time Tricentrol agreed terms with Conoco on participation in a drilling programme off the coast of California.

Industry sources speculated at the weekend that the new deals also involve Conoco, which has substantial holdings in Indonesia.

At the time of the rights issue Mr Graham Hearne, chief executive, said about 70 per cent of Tricentrol's production was located in the UK and that it aimed to step up its diversification

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Dubrovnik	S	13	55	Malaga	C	15	59	Salzburg	S	5	41
Algarve	S	15	59	Faro	S	15	59	Malta	F	15	59	Seoul	F	-5	23
Algiers	F	12	54	Florence	S	11	52	Manila	S	31	88	Singapore	S	32	90
Amsterdam	C	9	48	Frankfurt	C	5	41	Miami	C	24	76	Stockholm	R	3	37
Athens	F	12	54	Funchal	F	17	63	Milan	Fg	3	37	Strasbourg	C	1	34
Bahrain	F	18	64	Geneva	S	4	39	Moscow	C	1	34	Sydney	S	40	104
Bangkok	S	33	91	Gibraltar	C	15	59	Munich	F	3	37	Taipei	R	14	57
Barcelona	S	9	48	Guernsey	D	9	48	Nairobi	—	—	—	Tangier	S	17	63
Beirut	C	13	55	Helsinki	F	-1	30	Naples	F	12	54	Tehran	—	—	—
Belgrade	C	5	41	H. Kong	C	13	55	New Delhi	R	17	63	Tel Aviv	F	15	59
Berlin	C	5	41	Innsbruck	S	1	34	New York	C	8	46	Tenerife	C	18	64
Biarritz	Fg	6	43	Inverness	F	5	41	Nice	S	13	55	Tokyo	C	10	50
Blackpool	C	9	48	Istanbul	C	6	43	Oporto	S	12	54	Toronto	F	1	34
Bordeaux	Fg	2	36	Jersey	R	9	48	Oslo	S	5	41	Tunis	T	15	59
Brussels	C	7	45	Jo'burg	S	28	82	Paris	C	7	45	Valencia	S	12	54
Budapest	C	5	41	Las Palmas	C	18	64	Prague	F	3	37	Venice	S	9	48
B. Aires	C	31	88	Lima	S	29	84	Reykjavik	Sn	0	32	Vienna	S	5	41
Cairo	C	18	64	Lisbon	S	9	48	Rio de J'o	S	36	97	Warsaw	F	4	39
Cape Town	S	23	73	Locarno	S	6	43	Rome	S	15	59	Zurich	S	4	39
Caracas	R	22	72	London	C	11	52								
Casablanca	S	16	61	Los Angeles	F	25	77								
Copenhagen	R	6	43	Luxembourg	C	2	36								
Corfu	C	11	52	Madrid	S	7	45								
Dublin	S	7	45	Majorca	S	13	55								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Philips-Thomson deal

Continued from Page 1

guarantees from Thomson that it will continue to supply Grundig with components. It delivers to Grundig about 1m TV tubes a year.

Grundig has the largest market share in colour TVs in Germany and its link-up with Thomson would give them over 50 per cent of the German market. The agreement has still to clear the hurdle of the German cartel office.

In the area of videorecorders, the two companies are to explore further the possibility of Thomson marketing Philips' Video 2000, which Philips manufacturers in France and Grundig produces in West Germany. There appears no suggestion as yet that Thomson would give up importing the VHS recorders it currently obtains from JVC of Japan.

More important for the future is that the agreement opens up the possibility of the two groups jointly producing video equipment – both tape recorders and cameras – around the new 8mm standard.

Philips' distrust of the French has been weakening of late. This was shown, for example, in an agreement with CIT Alcatel, the French state-controlled telecommunications group, announced last month.

Bush visit to Europe

Continued from Page 1

non-aggression pact between the Warsaw Pact and Nato, President Reagan badly needs to regain the initiative in Europe.

Mr Bush's trip, which will take in Bonn, Brussels, The Hague, Rome, Paris and London, as well as the Vatican and Geneva, where Mr Bush will address the committee on disarmament, seems designed mainly to give the Administration a clear idea of how far it can rely on European backing for existing arms control policies and to discover what, if any, would be the minimum modification required to preserve a united front in Nato.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday January 10 1983

Enthusiasm wanes for Venezuela's refinancing plans

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

ENTHUSIASM for Venezuela's plans to refinance some of its $8.7bn short-term debt has begun to wane in the backlash of the Mexican, Argentine and Brazilian debt problems.

When it was first launched in October the plan met with a fairly warm response from the Euromarket, not least because the terms offered for refinancing short-term debt over the medium term were considered unusually generous by banks used to Venezuela's traditional haggling over the pricing of its foreign loans.

Now, say bankers who follow the country, a more critical attitude is coming to the fore, based partly on fears that the oil price could fall further. This would hurt Venezuela hard as virtually all its export income is derived from oil.

Venezuela has also been suffering from capital flight and domestic confidence was scarcely enhanced by the collapse of the leading Banco de los Trabajadores late last year. Uncertainty was also heightened by the abrupt resignation last month of Sr Luis Ugueto, Finance Minister, the architect of the refinancing plan, and his replacement by Dr Arturo Sosa, a former banker.

This is not to say that Venezuela's problems are in any way as serious as those of those badly stricken neighbours, but it does mean that the refinancing programme is being viewed more critically by bank creditors and that Dr Sosa will have something of an uphill struggle pushing it through.

Last week he was in Washington for talks with Paul Volcker, the Federal Reserve Board chairman. Later this month he is expected to tour the world's financial capitals to put his case to commercial bankers.

Keeping them involved with Venezuela is vital if the country is to avoid immense cost to its reserves in paying back loans that are not refinanced.

Under the programme Venezuela refinanced around $1.1bn in debt by the end of 1982 with acceptances from banks running at between 70 and 80 per cent.

But this respectable total already masks the fact than some of the banks who dropped out were replaced with others offering new money. To the extent that these banks used up room for Venezuela on their balance sheets it will be harder for the country to raise fresh loans when the time comes to cover the amounts not refinanced at all.

All this suggests that Dr Sosa will face some particularly probing questions when he meets with his bank creditors. They are likely to focus on two specific areas – what is being done to deal with payment arrears that persist at some state entities and how liquid are the country's large foreign exchange reserves?

Venezuela's ability to maintain its credit rating throughout the Latin American debt crisis has been based largely on the fact that its reserves – officially put at around $17bn last November – broadly offset its foreign debt. But Brazil's experience has shown that total reserves are not the same as liquid reserves and the question remains as to how much cash Venezuela can mobilise at short notice.

Meanwhile a more general question still facing the Eurocredit market in the wake of the Latin American crisis is how to price new loans in a very thin market. Logic would dictate that spreads must rise, even for highly regarded European borrowers,

Sweden ducked this issue last week by opting for a $1bn floating rate note instead of a Eurocredit, and on Friday terms for the forthcoming jumbo deal for Denmark were still under discussion.

In other market news Thomson Brandt International of France has arranged a £50m five year acceptance credit through S. G. Warburg and Paribas.

INTERNATIONAL BONDS

An auspicious start to 1983

BY ALAN FRIEDMAN IN LONDON

THE Eurodollar bond market opens for business this morning in a rather paradoxical state: many new issue managers say the market is "fragile" or "delicately balanced" and yet it seems that last week's $1.6bn of new paper is being absorbed, albeit slowly in some cases.

Another facet of the paradox is this: The U.S. dollar remains weak against major European currencies, the U.S. Treasury bond market is providing little in the way of leadership, and yet deals are being done and Eurobankers report a reasonably steady flow of buying.

Some of this buying can be traced to cash reflows from insurance companies and other investors. The markets in Europe certainly can still claim to be underpinned by a bullish tone.

Nonetheless, a number of schools of thought are developing and this is making for a certain degree of uncertainty, even among those professionals whose job it is to "read the market."

At the optimistic end are those, like Mr Perry Aldred, managing director of Ross & Partners, who believe the Eurodollar sector will chalk up enough new issues this year to rival last year's record.

The optimists point out that the downward trend of interest rates remains intact. They say the dollar's weakness may soon be transformed to stability or even a gradual strengthening against other currencies. As for investor buying interest, Mr Aldred ascribes much of it to human nature. "People felt good about last year and have been encouraged to go out and take a few risks this year."

The other side of the market believes that interest rates cannot go on dropping forever and it may be time to take some profits by selling dollar bonds. Thus, some major institutional investors are pruning their portfolios and planning to sell more significant portions once discount rates have declined again.

Whichever view one takes about what is going to happen next, there can be no denying the fact that 1983 got off to an auspicious start last week in the Eurobond market. Not only was the volume high and the list of borrowers surprisingly diversified, but Credit Suisse First Boston managed to lead the epoch-making first $1bn Euronote for Sweden.

Although the lead manager stepped in to maintain the price within a narrow range – a discount of between 1.15 and 1.05 – there were no real problems for the jumbo issue. CSFB has underwritten 25 per cent of the deal and most quarters of the market see the Sweden issue as well designed and well executed.

In particular, the "put" options, which enable noteholders to redeem after five and seven years – the final maturity is 10 years – have enlarged the net of potential investors. Aside from anything else, a $1bn issue in the first week of January is a useful psychological boost for the market.

Among the other new issues on offer both Nova Scotia's 11¾ per cent 1998 paper and Continental Group's 11½ per cent 1993 bonds seemed to be hindered slightly by their Single A rating. Dealers reported these issues to be trading at a 1½ per cent discount and selling slowly.

Allied Lyons, a rare British corporate issue in the Eurodollar sector, managed to attract investors for its 11⅝ per cent 1991 bonds.

Time Inc's aggressively priced 10¾ per cent debut issue appeared to be selling well despite its low coupon, offering proof that well-known U.S. corporates continue to be popular.

Meanwhile in West Germany the Bundesbank is expected to act within the fortnight to lower the discount rate from 5 per cent. Bankers predict the move will follow the U.S. Federal Reserve's next discount rate cut.

This week should see a DM 50m private placement for H. J. Heinz, the U.S. foods group, through Commerzbank. A coupon of about 7 per cent is likely. Also this week the World Bank will issue DM 200m of bonds through Deutsche Bank.

● Expected this week is a $150m floating rate note issue for Credit Lyonnais, to be led by Nomura Securities.

1982 RATINGS

Bumper profits from fixed-rate paper

BY OUR EUROMARKETS CORRESPONDENT

IT IS an open secret in the Eurobond market that 1982 was one of the most profitable years – if not the most profitable – on record. This was not only because of record new issue volume, but also because of the revitalisation of secondary market trading as interest rates dropped during the second half of the year.

Figures just compiled by the U.S. investment house, Salomon Brothers, show just how far this sea-change benefitted bondholders, particularly those working from a U.S. dollar base. For the first time since 1978 holders of fixed-rate bonds saw a greater total return (capital appreciation, plus interest plus currency gain where applicable) than those holding short-term money market instruments. Salomon's World Bond Index showed a total return of 20.2 per cent last year compared with one of only three per cent for its World Money Market Index.

More striking still is the phenomenal return available last year in fixed-rate U.S. dollar instruments, which benefitted particularly from the strength of the currency on exchange markets. Fixed-rate Eurodollar bonds offered a total return of 30.5 per cent last year, U.S. Government issues 31.3 per cent and Yankee bond issues 40.1 per cent.

Canadian government issues, too, showed high returns of 35.8 per cent because the currency depreciated by only 3.9 per cent against the U.S. dollar during the year.

By contrast the return on Eurodollar floating-rate-notes – which were 1981's market leader with a return of 20.3 per cent – looked rather lacklustre in 1982. Last year's return was only 15.2 per cent as there was no capital appreciation following the decline in interest rates.

Fixed-rate bonds in Yen, D-Marks and Swiss Francs showed even lower total returns because of the strength of the dollar, while British Government gilt-edged stock turned in a respectable return of 26.4 per cent overall.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Commerzbank ‡	100	1998	7	11½	100	Morgan Stanley, Paribas, Yamaichi, Commerzbank	11.500
BFCE †‡	500	1988	5	5¼Ø	100	CSFB, Soc. Gen.	*
Sweden †‡	1,000	1993	10	5¼Ø	100	CSFB	*
Crédit Agricole ‡	100	1998	7	11¼	100	Paribas, Daiwa Europe, Morgan Stanley	11.250
Nova Scotia ‡	100	1998	12½	11¾	100	UBS Secs.	11.750
Allied Lyons ‡	75	1991	8	11⅝	100	County Bank, Samuel Montagu	11.625
Time Inc. ‡	100	1990	7	10¾	100	Salomon Bros., Morgan Gty.	10.750
Kyowa Hakko §	40	1998	15	*	100	Yamaichi Secs., IBJ, Schroder Wagg	*
Finland ‡	100	1988	5	11½	99½	Deutsche Bank	11.637
Continental Group ‡	75	1993	10	11½	100	Goldman Sachs, Daiwa Europe, Morgan Gty., Morgan Grenfell	11.500
D-MARKS							
Australia ‡	200	1993	10	6⅞	100	Deutsche Bank	6.875
ECSC ‡	150	1993	8½	7½	99½	Deutsche Bank	7.573
Denmark **‡	50	–	–	–	–	Commerzbank	–
Sweden **‡	100	1988	5	7¾	100	Deutsche Bank, Dresdner Bank	7.750
OKB **‡	100	1990	7	7⅝	100	DG Bank	7.625
Mtge. Bk. of Denmark ‡	100	1993	10	8½	99½	West LB	8.577

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
SWISS FRANCS							
Tokyo Elec. Power **‡	200	1988	5	5⅞	99½	CS	5.994
Nippon Shinpan **§‡	100	1988	5¼	4¼	100	CS	4.250
World Bank ‡	100	1993	10	5½	100	SBC	5.500
Best Denki **	40	1988	5	*	*	CS	*
IADB **‡	120	1990	7	6⅛	100	CS	6.125
SATS **‡	100	1986	3	6½	100	UBS	6.500
Maruetsu **‡	30	1988	5	6	100	SBC	6.000
Nippon Express ‡	50	1993	10	6	100	J Henry Schroder Bank	6.000
Nippon Kokan	100	1993	10	*	*	UBS	5.875
STERLING							
Norsk Hydro ‡	30	1990	7	12	99	Hambros Bank	12.228
GUILDERS							
Australia **‡	200	1998	15	8⅝	100	ABN	8.625
ECUs							
Thomson-Brandt ‡	40	1988	5	12½	100	BNP, Kredietbank Intl.	12.500
Ireland ‡	30	1990	7	12¾	100⅜	SG Warburg, Bque. Intl. a Luxembourg	12.666
CNT	25	1986	3	12	*	BBL, BNP	*
CNT	25	1989	6	12¼	*	BBL, BNP	*
CNT	25	1992	9	12⅜	*	BBL, BNP	*
CNT	25	1995	10½	12½	*	BBL, BNP	*

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. Ø Minimum. § Convertible. ¶ In three tranches. ‖ Includes FRN tranche. †† Registered with U.S. Securities and Exchange Commission. Note: Yields are calculated on AIBD basis.

U.S. BONDS

Market waits for the budget and Volcker's testimony

SO FAR in the New Year all the action has been in the stock market. Trading volume in the New York Stock Exchange was again well above 100m transactions a day and the Dow Jones blue chip indicator set record highs on two consecutive days.

In the bond market, however, the atmosphere was rather sedate and activity very quiet. By all accounts, it looks as if it is going to stay that way, at least until the last week of the month.

The market is basically marking time. It is sitting comfortably with easing short-term interest rates and little immediate new supply from the Treasury. Under the circumstances, no-one can blame the market for indulging in a little relaxation.

Sober

To make matters even better, the Fed Funds rate—which had been unusually high for so many days and troubled the market—came down to more sober levels by the end of last week. Indeed, despite some central bank intervention in the overnight market on Friday with the dreaded so-called "reverse repos" (the draining of reserves from the banking system hence putting upward pressure on short-term rates). Fed Funds dropped down to the 8 per cent range and lower.

Even the expectations of a further reduction in the Fed's discount rate is not causing much excitement. While such a move would be welcome by the market, it is not regarded as what Americans would term "a big deal."

For Dr William Griggs, a prominent Wall Street crystal ball gazer, the market is waiting for President Reagan to make his new budget known and subsequently for the testimony before Congress of Mr Paul Volcker, Fed chairman.

President Reagan is due to address the nation during the last week of the month and present the budget at the very end of January. The market will be looking keenly at the budget. Dr Griggs is speculating that the Administration may well bring out a budget it will use as a base for argument with the new Congress rather than one it expects to work from. In any event, the numbers are likely to show a budget deficit of just under $200bn in the current fiscal year, and of $200bn or more in the next fiscal year.

The market also has mixed expectations about the budget message. It expects the Administration to show more realism in its approach than in the past. That may be encouraging in one respect but equally disturbing in another since the numbers will be blacker.

After the Reagan budget message—which, incidentally, will coincide with the resumption of heavy borrowing activity by the Treasury in the market—it will be Mr Volcker's turn to stir Wall Street. The last time Mr Volcker testified before Congress in this fashion was last summer when he announced the big switch in Fed monetary policy. The Fed, he said, was no longer going to be obsessed with the weekly M-1 money aggregates.

U.S. INTEREST RATES

	Week to Jan 6	Week to Dec 31
Fed Funds wkly. av.	8 77	9 82
3-month Treas. bill...	7 80	7 90
3-month CD	8 45	8.60
30-year Treas. bond	10 44	10 51
AAA Utility	11.88	11.75
AA Industrial	11.88	11.75

Source: Salomon Bros. (estimates). M-1 in the latest week rose by $500m.

Bouncing

It took some time for the markets to digest the change. But once the message came across, the stock and bond markets went bouncing ahead. But the bond market remains nervous of the Fed's intentions. It is thus hoping Mr Volcker will use the testimony in the middle of next month as an occasion to explain where the monetary aggregates precisely fit into the Fed's policy and which (if any) are the important aggregates and the ones to watch.

By the time Mr Volcker speaks, the market should be swinging again—one way or the other.

Paul Betts

Internatio-Muller sees loss

AMSTERDAM — Internatio-Muller, the Dutch trading and industrial concern, said net losses for 1982 will amount to about Fl 60m ($23m). This shows a sharp deterioration from earlier forecasts when the company expected to break even in the 1982 second half after reporting a first half net loss of Fl 7.3m.

The company said that operating performance deteriorated in the 1982 second half because of a slowdown of economic activity in Australia, the disappointing performance of its timber activities in the Far East, unsatisfactory results of restructuring in the Rotterdam harbour cargo sector, and fewer orders from the Dutch Government.

Substantially increased provisions for reorganisation costs would be partially offset by an extraordinary tax gain, said the company. Despite current setbacks, it maintained that reorganisation measures would be reflected in improved 1983 results.

AP-DJ

C$2bn of assets taken over to protect depositors. **Nicholas Hirst** reports

Ontario steps in at three trust companies

IN AN unprecedented move, the Ontario Government has taken control of C$2bn (US$1.6bn) of assets in three Canadian trust companies to protect depositors' interests.

The three companies—Crown Trust, the 12th largest trust company in the country and Greymac Trust and Seaway Trust, two smaller ones—have been the subject of a government inquiry into their role in financing a series of transactions involving 11,000 apartments formerly owned by international Toronto-based property developer, Cadillac Fairview, controlled by Charles and Edgar Bronfman.

Using emergency legislation rushed through the Ontario legislature just before Christmas, the provincial government late on Friday ordered its registrar of loan and trust companies to take control of the three companies. Trust companies are deposit takers and major players in the residential mortgage market.

Dr Robert Elgie, Minister of Consumer and Commercial Relations, said the move had been taken in consultation with the Canada Deposit Insurance Corporation, a federal body which provides guarantees for depositors' money invested in trust and loan companies.

In each case, Dr Elgie said, quoting the emergency legislation, "there exists a practice of, or a state of, affairs within the corporation that is or may be prejudicial to the public interest or to the interests of the corporation's depositors, creditors or shareholders."

The action taken by the government, which was described as a "truly Draconian measure" by Mr Wallis King, a financial consultant representing the preferred shareholders in Crown Trust, included:

- Limiting withdrawals by depositors to C$20,000 per class of investment.
- Providing alternative sources of funds to the companies through the Canada Deposit Insurance Corporation.
- Installing a group of experienced businessmen to run the trusts.
- Ordering an examination of the company's assets by accountants Touche Ross and the Clarkson Company.

The measures follow three months of controversy and revelations involving the trust companies that have rocked the Canadian financial community and put intense pressure on the Conservative-controlled Ontario legislature.

The slowing of growth in the housing market has pushed the industry increasingly into financing industrial and large-scale property development.

Events surrounding the sale of the Cadillac Fairview properties have served to highlight increasing concern over conflicts of interest between the owners of the trust companies and their depositors.

Cadillac, which has been disposing of properties in line with its policy of withdrawing from the residential market, initially sold the 11,000 apartments to Greymac Credit, a private company 51 per cent controlled by Leonard Rosenberg, a Canadian entrepreneur.

On November 10, Dr Elgie disclosed that these apartments had, in turn, been sold to private companies, said to be controlled by Saudi Arabian investors, who had paid C$500m. Full details of ownership and other matters concerning these companies are not obliged to be disclosed under Ontario law.

During these transactions, Seaway Trust advanced C$76m, Crown Trust C$56m, and Greymay Trust C$20m in mortgages. Greymac Trust is wholly owned by Greymac Credit, Mr Rosenberg's master company. Greymac Credit gained control of the old established Crown Trust last year. Mr Rosenberg intended to merge his much smaller Greymac Trust with Crown Trust but completion has been prevented by the Ontario Securities Commission, which has complained of a lack of financial disclosure.

Concern has grown that the former Cadillac Fairview properties may not be worth what the Saudi Arabians are said to have paid for them and that, consequently, there may not be sufficient assets to back up the mortgages.

"Recent events involving the mortgaging of some 11,000 apartment units have given rise to questions about the lending practices of the three trust companies," Dr Elgie said.

The investigations into the company's assets are intended to be completed in the next two weeks, but opposition leaders are complaining that the government did not act soon enough.

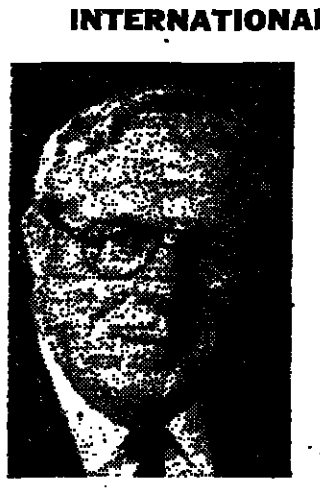
"The warning signals have been flashing for some time," Mr David Peterson, the Ontario Liberal leader, said. "In the past two months, we have brought to the Minister's attention case after case where these companies have been involved in transactions that were in apparent violation of the Loan and Trust Corporations Act.

Trust companies can either be registered federally or with provincial authorities. The Federal Government has produced a draft act and a discussion paper designed to eliminate possible conflicts of interest between trust companies' owners, estate money they manage and depositors. Legislation, however, has still to be tabled.

Chairman at Anglo American Corporation

- **Mr G. W. H. Relly** has been elected chairman of ANGLO AMERICAN CORPORATION. He is the third chairman of the corporation which is in its 66th year. His appointment follows the retirement of **Mr H. F. Oppenheimer** from the chair after 25 years and from the board after 48 years. Mr Relly has been a deputy chairman since May 1977 and succeeded Mr Oppenheimer as chairman of the executive committee in November 1978. He is chairman of Anglo American Industrial Corporation and AECI and a director of De Beers and Minorco. **Sir Keith Acutt** has retired as deputy chairman but will stay on the board, while **Mr J. Ogilvie Thompson** and **Mr N. F. Oppenheimer** become deputy chairmen. **Mr H. R. Slack** also became a director. He is a director of Minorco and Tongaat-Hulett.
- **Mr Frank C. Carlucci**, deputy secretary of defense, has joined SEARS WORLD TRADE, INC., a Sears Roebuck subsidiary formed in 1982, as president and chief operating officer. He will be based in Washington. **Mr John F. Waddle**, previously Sears World Trade president becomes managing director of consumer products and services, and continues as a member of Sears World Trade, Inc. corporate office.
- **Mr K. W. Preston** has been appointed a director and vice-president of JAMES FINLAY INTERNATIONAL INC. **Mr A. R. McKay** has been appointed vice-president of JAMES FINLAY & CO. (U.S.) INC.
- **Mr John W. Franklin, Jr.**, has been named senior vice-president of RUSSELL REYNOLDS ASSOCIATES, INC., a New York-based international executive recruiting company. He remains manager of the Washington office.
- COMMODORE INTERNATIONAL has appointed **Mr Lloyd A. Taylor** vice-president—technology—and president of Commodore's semi-conductor division. Before joining Commodore, he was group vice-president of Northern Telecom, and vice-president—Technology, Bell-Northern Research.
- **Mr W. T. Peart**, and **Mr D. B. Walker** have been appointed directors of **Seltrust Holdings**, Perth, W. Australia.
- **Mr Robert L. Hull** has been named to head the corporate services group at CBI INDUSTRIES, INC, Illinois. He succeeds senior vice-president **Mr Cecil A. Wooten**, who has elected to retire in April. Mr Hull, is now responsible for the company's human resources, facilities services, and public relations and advertising departments, as well as its Washington office. He will remain at the general offices in Chicago.

INTERNATIONAL APPOINTMENTS



Mr Robert L. Hull, CBI Industries Inc

- COLUMBIA CHASE CORP. has appointed **Mr John Waryold** to the vice-presidency of its HumiSeal division, New York. He has served as operational manager for this division for the past five years and before that as technical service manager.
- **Mr David M. Lonsdale** has been named general manager MCAUTO NORDIC AB, Stockholm, a subsidiary of the McDonnell Douglas Automation Company, established in 1982, which markets MCAUTO's CAD/CAM services throughout Sweden, Denmark, Norway and Finland. **Mr J. D. Johnson** becomes general manager of MCAUTO Benelux, replacing Mr Lonsdale.
- DENISON MINES has made **Mr Clifford H. Frame** president and chief operating officer. The post of president had been held by **Mr Stephen B. Roman** who remains chairman and chief executive officer. Mr Frame was president of mining operations.
- BANKERS TRUST of New York has appointed **Mr Per B. Fog**, vice president, as representative in Athens. He takes over from **Mr Constantine N. Canonis**, vice president, who has returned to New York.
- ORION ROYAL BANK, international merchant bank of The Royal Bank of Canada Group, has made the following promotions: **Mr Charles Hansard** has been promoted from associate director to director (non-executive) based in New York. The following have been promoted from manager to associate director: **Mr Ian Armour, Mr Ian Birrell, Mr Ray Butler, Mr Simon Canning, Mr Robert McLaughlin, Mr Stephen Mills, Mr Patrick Norton, Mr Hugh Oddie** and **Mr Stuart Payne**.
- **Dr Alfred Wiederkehr** has succeeded **Dr Hans Mueller** as chairman of CHEMAP and PROCESS ENGINEERING COMPANY both of Maennedorf, Switzerland.
- **Mr Robert H. Kenmore** has joined CROCKER BANK, San Francisco, as senior vice-president and head of the corporate finance group in the merchant banking division.
- **Mr John H. Lollar** has been named president and chief operating officer of TRANSCO EXPLORATION COMPANY, Houston, the exploration and production subsidiary of Transco Energy Company. He was previously executive vice-president, operations of Gulf Resources and Chemical Corp where he was responsible for all the company's operating units.
- PHIBROBANK, a member of the Phibro-Salomon Group, has appointed **Mr Charles T. V. Arentschildt** as general manager, **Mr Walter Christen** and **Mr Daniel Nordmann** as deputy managers, and **Mr Markus Frei** as assistant manager.
- American Oil Field Systems has appointed **Mr Howard Rhodes** president of its American subsidiary, AMERICAN OIL FIELDS INC. This follows the recent decision to appoint **Mr John Walbeoffe-Wilson** as the first full-time managing director of American Oil Field Systems.
- THE STANLEY WORKS, Connecticut, has appointed **Mr Bennett Lord** president and general manager of the hand tools-Europe division. He succeeds **Mr John A. Hargreaves**, who is returning to the U.S. Succeeding Mr Lord as managing director of Stanley Tools in Sheffield, England is **Mr Geoffrey Baldwin**.
- AMERICAN EXPRESS COMPANY has named **Mr Paul D. Feldman**, director, corporate affairs and communications, responsible for managing the corporate media relations department. Mr Feldman came to American Express in 1980 as manager, public affairs and communications.
- **Mr Robert J. Manning** has been named general division manager of COMMONWEALTH EDISON COMPANY. He will head the departments of division operations, customer service, engineering and construction and will also be responsible for the construction of Edison's transmission system, sytem tranportation and systems meter departments.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97 ...	150	110¼	110¾	+0¼	+1¼	10.95
Amex O/S Fin. 14⅛ 89	75	107⅛	107⅝	+0⅛	+0⅜	12.45
Amro Bank 13 89	200	105⅜	106⅛	+0⅛	+1⅛	11.65
BHP Finance 14⅛ 89...	150	107⅞	108⅜	+0⅛	+2⅜	12.78
Bk. Amer. NT SA 12 87	200	104½	105	+0⅛	+1⅛	10.53
Bk. Montreal 14½ 87 ...	100	107	107½	+0⅛	+0⅞	12.21
British Col. Hyd. 14⅞ 89	200	110¼	110¾	+0¼	+0⅞	12.23
British Col. Hyd. 15⅜ 92	150	114¾	115¼	+0⅛	+1⅛	12.43
Canada 14⅛ 87	750	111	111½	+0⅛	+0⅛	10.99
Canadair 12½ 89	175	104⅝	105⅛	+0¼	+1⅛	11.42
Canadian Wheat 11⅛ 90	90	99	99½	+0⅛	+0½	11.39
Can. Pac. Sec. 14⅜ 92	75	107⅛	107⅝	0	+0⅛	13.15
Can. Pac. Sec. 15 89...	75	106	106⅜	0	0	13.43
Citicorp O/S 15 84/92	100	105⅜	105⅞	0	0	9.95
Coca Cola Int. 11⅜ 89	100	106⅛	106⅝	+0⅛	+1⅛	10.36
Credit Suisse 10½ 89 ...	100	101⅛	101⅝	−0⅛	+0½	10.18
Deutsche Bk. F. 14⅛ 89	300	108⅞	109⅜	0	+0⅞	12.12
Du Pont 11⅛ 95	150	101	101½	−0⅛	+1⅛	11.06
Du Pont 14⅛ 89 WW ...	200	107½	108	0	+0⅛	12.31
EDC 10⅜ 88	100	98⅞	99⅜	0	+0⅛	11.05
EDF 12⅜ 87	150	102⅞	103⅜	0	+0½	11.88
EIB 15½ 92	100	111⅛	111⅝	+0⅛	+0⅞	13.28
Eksportfinans 14½ 89 ...	50	106⅜	106⅞	−0⅛	+0⅜	12.89
Exp. Dev. Con. 11⅜ 87	100	102⅛	102⅝	+0⅛	+0⅜	11.06
Forsmarks 13⅜ 92	75	103⅞	104⅜	+0⅛	+0⅜	12.95
Gaz de France 12⅛ 93	175	19½	20	0	+0⅜	12.27
Gen. Elec. Credit 12 89	100	106⅜	106⅞	+0⅛	+0⅞	10.55
Getty Oil Int. 14 89 ...	125	108⅜	108⅞	+0⅛	+1⅛	11.88
GMAC O/S Fin. 15 87	100	108⅜	108⅞	+0⅛	+1⅛	12.27
GMAC O/S Fin. 15 89	125	109⅜	109⅞	+0⅛	+1⅜	12.69
Gulf Oil Fin. 12⅛ 87...	100	105	105½	+0⅛	+1½	10.74
IBM Wld. Trade 12⅛ 92	200	108⅜	108⅞	+0⅞	+2⅛	10.76
Manitoba Prov. 11⅜ 89	125	104⅛	104⅝	+0⅛	+1⅛	10.80
Manitoba Prov. 13⅜ 89	100	107⅞	108⅜	+0⅛	+1⅜	11.82
Midland Int. F. 11½ 92	150	99⅝	100⅛	+0⅛	+0⅜	11.51
Nat. West. Fin. 11⅜ 92	150	101	101½	+0⅛	+0⅜	11.51
New Brunswick 15⅜ 87	75	110⅛	110⅝	+0⅛	+0⅞	12.06
Newfoundland 15½ 90...	75	110⅜	110⅞	+0⅛	+0⅞	13.16
Nova Scotia Pr. 15⅜ 89	75	112⅝	113⅛	+0⅛	+0⅞	12.24
Ontario Hydro 12⅜ 92...	200	106⅜	106⅞	0	+1⅛	11.56
Ontario Hydro 14⅜ 89...	150	110⅞	111⅜	+0⅛	+0⅜	12.09
Ontario Hydro 15 92 ...	150	114⅛	114⅝	+0⅛	+1⅛	12.30
Phillips Petrol. 14 89 ...	200	107⅜	107⅞	0	+0⅞	12.16
Prudential O/S 12⅛ 87	150	105⅞	106⅜	+0⅛	+0⅞	11.00
Quebec Hy. 11½ 92 (D)	100	98⅝	99⅛	+0⅛	+0½	11.69
R. J. Reynolds 12⅛ 89	100	105⅛	105⅝	+0⅛	+1	11.60
Saskatchewan P. 15 92	150	113⅜	113⅞	+0½	+1⅞	12.47
Shell Canada 14⅛ 92 ...	125	108	108½	0	+0⅛	12.78
Superior O/S Fin. 14 89	125	107⅛	107⅝	0	+0⅜	12.23
Swed. Exp. Cr. 14⅜ 90	100	107⅛	107⅝	+0⅛	+1⅛	13.06
Texas Eastern 15⅜ 89...	80	†110	110½	+0⅛	+0⅜	13.22
UBS 10⅜ 87	200	102⅛	102⅝	+0⅛	+0½	9.88
UBS 11 89	150	107⅞	108⅜	+0⅛	+0⅛	10.12
Walt Disney Pr. 12⅛ 89	75	107⅝	108	+0⅛	+0⅛	11.14
World Bank 10⅞ 90 ...	200	98⅜	98⅞	+0⅛	+1⅛	11.11
World Bank 11⅜ 98 ...	100	98⅜	98⅞	0	+1	11.32
World Bank 13⅜ 87 ...	300	106⅛	106⅝	+0⅛	+0⅜	11.36

Average price changes... On day +0⅛ on week +0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8⅛ 92...	80	101	101½	−0⅛	+0⅛	8.06
Asian D. B. 8⅛ 92	150	100½	100⅞	+0⅛	+1	8.17
Asn. D. B. 9⅛ 92 (Aug)	150	105	105⅜	0	+0⅞	8.40
Australia 7⅞ 92	200	104⅜	105½	0	+0⅛	7.00
Bayer Capital 7⅜ 89 ...	150	101⅛	101⅝	+0⅛	+0⅛	7.33
Beecham Fin. 8⅛ 92 ...	125	102⅜	102⅞	0	−0⅛	7.70
Black and Decker 9⅛ 89	100	105½	106⅛	+0⅛	0	7.96
Bowater Int. Fin. 8½ 89	50	101⅝	102⅛	−0⅛	−0⅛	8.07
Caisse Nat. Tele. 9½ 92	100	105⅞	106⅜	−0⅛	−0⅛	8.52
ECSC 8 94	200	102⅜	102⅞	−0⅛	+0⅛	7.65
EEC 8 94	200	102	102⅜	0	−0⅛	7.68
EIB 8⅛ 92	200	103½	103⅝	+0⅛	+0⅛	7.73
GKN 8⅛ 89	100	98⅞	99⅜	0	0	8.51
Gould Int. Fin. 8⅛ 89...	75	102⅛	103	0	−0⅛	7.74
Ireland 8⅞ 91	150	†98	99	−0⅛	+0½	9.15
ITT Antilles 9⅛ 92	100	106⅞	107⅜	−0⅛	−0½	8.16
Mitsubishi Heavy 7⅜ 87	150	100⅞	101½	+0⅛	+0⅛	7.34
[illegible]						

Average price changes... On day 0 on week [illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
Tokyo Metropolis 5⅜ 92	100	†100⅜	101	0	+0⅞	5.26
World Bank 6⅞ 92	100	†104⅛	104½	−0⅛	+0½	5.65

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅜ 92	15	107½	108⅛	+0⅛	+1⅛	7.45
EIB 8⅛ 92	15	104⅛	104⅞	+0⅛	+1	7.55
Japan Airlines 7⅞ 87...	9	†102½	103	0	+1⅛	7.07
New Zealand 8⅛ 87......	15	106⅜	107⅛	0	+1½	6.72
World Bank 8⅜ 92	20	106	106⅜	0	+2⅜	7.39

Average price changes... On day 0 on week +1⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Br. Col. Tel. 17⅛ 88 C$	50	†113½	114	0	+0½	13.55
Can. Utilities 17 87 C$	35	†113	114	0	+0⅛	12.86
Gaz de France 15 89 C$	75	†105⅜	106⅛	0	+0⅛	13.57
Gaz Metro 17⅛ 90 C$...	20	†109	110	0	0	15.05
OKB 16⅜ 88 C$	63	†110½	111	0	+0½	13.29
Quebec Hyd. 14 92 C$	80	†107⅜	108⅛	0	+0⅛	12.52
Univ. Queb. 16⅜ 87 C$	17	†104	104½	0	0	15.16
EIB 12⅞ 90 ECU	60	105⅜	106⅛	+0⅛	+1⅛	11.62
Amfas 9½ 87 Fl	60	108⅛	108⅝	0	+0½	7.87
Amro Bank 9½ 87 Fl ...	100	108⅜	109⅛	+0½	+1⅛	7.23
Nedar. Midbk. 9⅛ 87 Fl	100	107	107½	+0½	+1	7.44
Nedlloyd Gp. 10⅛ 87 Fl	75	108⅞	109⅜	−0⅛	+0⅛	7.90
Van Lanschot 10⅛ 87 Fl	50	107⅞	108⅜	0	−0⅛	8.17
World Bank 10 87 Fl ...	100	109⅜	109⅞	−0⅛	+0⅛	7.59
OKB 14 88 FFr	400	97⅜	98⅜	+0⅛	+1⅛	14.76
Solvay et C. 14⅜ 88 FFr	200	97	98	+0⅛	+1	15.74
BFCE 14½ 87 £...........	30	106⅜	107⅛	−0⅛	−0⅛	12.38
BNP 13½ 91 £............	15	101⅞	102⅜	−0⅛	−0⅛	13.03
CECA 13½ 88 £...........	20	102⅜	103⅛	0	−0⅛	12.74
CNT 12½ 89 £	20	100	101	−0⅛	−0⅜	12.36
Fin. For Ind. 12⅛ 88 £...	30	101⅜	102⅛	−0⅛	−0⅜	11.82
F. Mat. Oranj. 12⅜ 92 £	30	23	24	−0⅜	−0½	12.91
Gen. Elec. Co. 12½ 89 £	50	102	103	−0⅛	−0⅜	11.89
Hiram Walker 14⅛ 86 £	25	104⅞	105⅞	0	−0⅛	12.10
Mort. Bk. Fin. 11⅜ 89 £	15	23½	24½	0	−0⅛	13.23
Norsk Hydro 14½ 87 £	30	106⅜	107⅜	+0⅛	−0⅛	12.36
Quebec 14½ 89 £.........	30	105	106	−0⅛	0	13.15
Quebec 15½ 87 £.........	35	107⅞	108⅞	0	−0⅛	12.76
SDR France 15½ 92 £...	30	104⅞	105⅞	−0⅛	−0⅛	14.37
SNCF 11½ 89 £...........	30	20⅜	21⅛	−0⅛	−0½	12.50
Tenneco Int. 14⅜ 87 £	30	103⅞	104⅞	−0⅛	−0⅜	13.34
World Bank 11⅜ 91 £...	75	24⅜	25⅛	−0⅛	−0⅛	12.47
Eurofima 10½ 87 LuxFr	500	99⅞	100⅞	+0⅛	+0⅛	10.37
Europarat 12½ 92 LuxFr	500	104⅜	105⅜	0	+0⅛	11.56

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅛ 92	0¼	98	98½	15/4	10⅝	10.81
Bk. of Tokyo 5⅛ 92 (D)	0⅛	99½	100	10/6	9⅜	9.77
Bk. Nova Scotia 5⅛ 93	0⅛	98⅜	98⅞	29/4	10½	10.54
BFCE 5⅛ 88	0⅛	99½	100	28/4	10.69	10.71
BFCE 5⅛ 87	0⅛	99⅜	99½	27/1	14	14.09
Caisse Nat. Tele. 5⅛ 90	0⅛	99⅜	99⅞	21/4	10.56	10.60
CCCE 5⅛ 2002	0⅛	98⅜	98⅞	11/3	9⅞	10.01
CEPME 5⅛ 92	0⅛	99½	100	10/6	9.94	9.96
Chemical NY 5⅛ 94 ...	‡0⅛	99⅜	100⅛	23/3	9.94	9.95
Credit Agricole 5⅛ 97...	0⅛	99⅜	100⅛	24/3	12⅞	12.88
Credit du Nord 5⅛ 92...	0⅛	99⅜	99⅞	23/6	10⅛	10.18
Credit Lyonnais 5⅛ 97...	0⅛	99⅝	100⅛	1/4	12.19	12.20
Credit Lyonnais 5⅛ 94...	0⅛	99⅜	100⅛	5/7	9⅝	9.76
Credit Nat. 5⅛ 94	§0⅛	99½	100	9/3	12.18	12.21
Kansallis Osake 5½ 92	0⅛	99⅜	100⅛	6/5	10.06	10.06
Lloyds Eurofin 5⅛ 93 ...	§0⅛	99⅞	100⅜	29/4	10.56	10.55
Long Term Cred. 5⅛ 92	0⅛	99⅜	100	27/5	10⅛	10.14
J. P. Morgan 5⅛ 97 ...	§0⅛	100	100½	14/2	10.06	10.04
Nat. West. Fin. 5⅛ 91...	§0⅛	99⅞	100⅜	15/1	15⅛	15.23
New Zealand 5⅛ 87......	0⅛	100⅛	100⅝	7/4	12½	12.44
Nippon Credit 5⅛ 90 ...	0⅛	99⅞	100⅜	10/2	13⅞	13.86
Offshore Mining 5⅛ 91	0⅛	99⅝	100⅛	2/6	10.44	10.42
PKbanken 5 91	0⅛	99⅞	100⅜	17/6	10	9.98
Scotland Int. 5⅛ 92 ...	0⅛	99⅜	100⅛	23/3	13⅛	13.25
Sec. Pacific 5⅛ 91	0⅛	99⅞	100⅜	24/5	10.06	10.05
Societe Generale 5⅛ 95	0⅛	99½	100	1/3	12.81	12.84
Standard Chartd. 5⅛ 91	0⅛	100	100⅜	18/5	10.69	10.66
[illegible]						

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

EUROBOND TURNOVER

(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week......	3,567.9	4,649.6
Previous week	3,660.6	4,780.8
Other bonds		
Last week......	913.0	459.6
Previous week	998.6	29.4

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; Deltec Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on January 7

Companies and Markets **CURRENCIES, MONEY and CAPITAL MARKETS**

FOREIGN EXCHANGES

Sterling continues to suffer

Sterling came under fairly constant pressure last week, and confidence was not helped by publication of the UK official reserves for December indicating Bank of England foreign exchange intervention of about $800m, compared with some $350m in November. The scale of support was underlined by the generally quiet level of trading in December, when Christmas and end of year book squaring factors sharply depressed market volume for several weeks.

The announcement by Saudi Arabia that it intends to maintain the $34 a barrel oil marker price did nothing to revive the pound's flagging fortunes.

But mention of the Middle East led to some suggestion that Britain's sour relations with that part of the world, following the disagreement about the Arab League delegation to London, and the Foreign Secretary's postponed visit to the Gulf, was a possible extra factor behind sterling's weakness.

The general view was that doubts about the ability of Opec and the other major oil producers to maintain the existing price structure for oil, given the sharp differential between contract and spot market prices, is likely to push Britain's balance of payments into deficit some time this year.

Nervousness about an approaching General Election, despite the fact that this may be still over a year away, was also said to be behind sterling's decline, although by the end of last week the factors hardly seemed to matter to the market. It was just a matter of chasing the currency down.

The pound's trade-weighted index of 82.5 on Friday, was the lowest since February 1979, with sterling at its worst level for over four years against the Swiss franc and Japanese yen, and a three-year low against the D-mark. On the other hand the pound lost only 70 points against the dollar last week, to finish at $1.6105, as the U.S. currency also lost ground to the yen, D-mark, and the members of the European Monetary System.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	45.1696	+0.44	+1.65	±1.5501
Danish Krone ...	8.23400	8.12115	−1.37	−0.16	±1.6430
German D-Mark	2.33379	2.29368	−1.72	−0.51	±1.0888
French Franc ...	6.61387	6.50376	−1.66	−0.45	±1.3940
Dutch Guilder ...	2.57971	2.53358	−1.79	−0.58	±1.5004
Irish Punt	0.691011	0.690653	−0.05	+1.16	±1.6691
Italian Lira	1350.27	1322.98	−2.02	−1.39	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.6105	1.6083	1.6040	1.5990	1.5935
D-Mark	3.75	3.7438	3.7138	3.6722	3.6017
French Franc	10.67	10.7650	10.95	11.1749	—
Swiss Franc	3.1150	3.0938	3.0675	3.0080	2.9134
Japanese Yen	368.7	367.4	365.0	361.6	356.3

BANK OF ENGLAND TREASURY BILL TENDER

	Jan. 7	Dec. 31		Jan. 7	Dec. 31
Bills on offer	£100m	£100m	Top accepted rate of discount	9.9673%	9.7266%
Total of applications	£296.39m	£441.606m	Average rate of discount	9.9318%	9.7204%
Total allocated	£100m	£100m	Average yield	10.18%	9.96%
Minimum accepted bid	£97.515	£97.575	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	10%	71%			

OTHER CURRENCIES

Jan. 7	£	$		£ Note Rates
Argentina Peso	79,316-79,356	49,560-49,610	Austria	26.30-26.60
Australia Dollar	1.6285-1.6305	1.0105-1.0110	Belgium	77.30-78.00
Brazil Cruzeiro	410.09-411.09	255.98-257.26	Denmark	13.30-13.43
Finland Markka	8.4485-8.4670	5.2550-5.2570	France	10.61-10.71
Greek Drachma	111.250-114.750	70.85-70.95	Germany	3.74½-3.78½
Hong Kong Dollar	10.43-10.45	6.5050-6.5125	Italy	2150-2200
Iran Rial	134.40*	82.50*	Japan	371-375
Kuwait Dinar (KD)	0.46255-0.46335	0.2883-0.2888	Netherlands	4.13½-4.17½
Luxembourg Fr.	74.15-74.25	46.06-46.08	Norway	11.15-11.27
Malaysia Dollar	3.6650-3.6750	2.2865-2.2895	Portugal	140-170
New Zealand Dlr.	2.1890-2.1940	1.3585-1.3605	Spain	195¾-208
Saudi Arab. Riyal	5.5175-5.5255	3.4390-3.4405	Sweden	11.55-11.67
Singapore Dollar	3.3375-3.3475	2.0820-2.0850	Switzerland	3.11-3.14
Sth. African Rand	1.7185-1.7190	1.0670-1.0675	United States	1.59-1.61
U.A.E. Dirham	5.8915-5.9005	3.6720-3.6740	Yugoslavia	120-125½

*Selling rates.

CURRENCY MOVEMENTS

Jan. 7	Bank of England Index	Morgan Guaranty Changes%
Sterling	82.5	−38.0
U.S. dollar	116.9	+8.2
Canadian dollar	89.0	−17.6
Austrian schilling	121.7	+29.4
Belgian franc	94.4	−2.3
Danish kroner	84.9	−9.8
Deutsche mark	129.7	+58.8
Swiss franc	154.0	+109.1
Guilder	119.9	+27.2
French franc	74.9	−18.9
Lira	53.5	−58.6
Yen	146.8	+40.9

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.692350	0.610034
U.S. $	8½	1.10873	0.977274
Canadian $	9.74	*	1.20244
Austria Sch	4¾	18.2597	16.1065
Belgian F	11½	51.2455	45.1696
Danish Kr	10	9.19137	8.12115
D mark	5	2.59997	2.29366
Guilder	5	2.87272	2.53358
French F	9½	7.37583	6.50376
Lira	18	1500.67	1322.98
Yen	5½	256.117	225.457
Norwgn Kr	9	7.76111	6.83066
Spanish Pta	—	138.591	122.062
Swedish Kr	10	8.04384	7.07546
Swiss Fr	4½	2.15947	1.90324
Greek Dr'ch	20½	78.6090	69.3962

* C$/SDR rate for Jan 6 1.38589.

THE POUND SPOT AND FORWARD

Jan 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5940-1.6135	1.6100-1.6110	0.24-0.19c pm	1.60	0.68-0.63 pm	1.63
Canada	1.9600-1.9765	1.9735-1.9755	0.12-0.02c pm	0.42	0.40-0.30 pm	0.71
Nethlnd.	4.13½-4.18½	4.14¾-4.15¾	2¼-1¾c pm	5.78	6-5½ pm	5.54
Belgium	73.80-74.50	74.15-74.25	20-30c dis	−4.04	62-82 dis	−3.88
Denmark	13.25-13.38	13.30-13.31	9½-11½ore dis	−9.47	27¾-30 dis	−8.68
Ireland	1.1295-1.1380	1.1335-1.1345	0.52-0.63p dis	−6.08	1.14-1.36dis	−4.39
W. Ger.	3.74-3.78½	3.75½-3.76½	1⅞-1⅝pf pm	5.19	4⅞-4⅝ pm	4.92
Portugal	140.00-147.00	144.75-146.75	135-460c dis	−24.49	415-1380dis	−24.63
Spain	198.00-201.75	201.25-201.55	105-190c dis	−8.79	360-450 dis	−8.04
Italy	2,167-2,181	2,176-2,178	18-23 lire dis	−11.30	64-72 dis	−12.50
Norway	11.16-11.24	11.21½-11.22½	2½-3⅝ore dis	−3.27	8½-9⅝ dis	−3.23
France	10.64-10.71	10.66½-10.67½	8-11c dis	−10.68	26-30 dis	−10.50
Sweden	11.57-11.64½	11.63½-11.64½	par-⅞ore dis	−0.39	3-4 dis	−[illegible].20
Japan	367-371	368¼-369¼	1.45-1.25y pm	4.39	3.10-2.90 pm	3.25
Austria	26.30-26.55	26.41-26.46	10¼-8⅞gro pm	4.45	30¼-26¼ pm	4.21
Switz.	3.09½-3.16	3.11-3.12	2⅝-1⅞c pm	8.19	6-5½ pm	7.38

Belgian rate is for convertible francs. Financial franc 77.75-77.85. Six-month forward dollar 1.18-1.13c pm, 12-month 1.75-1.65c pm.

THE DOLLAR SPOT AND FORWARD

Jan 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5940-1.6135	1.6100-1.6110	0.24-0.19c pm	1.60	0.68-0.63 pm	1.63
Ireland†	1.4080-1.4225	1.4210-1.4225	0.92-0.82c pm	7.38	2.20-2.05 pm	6.01
Canada	1.2255-1.2315	1.2255-1.2265	0.12-0.15c dis	−1.32	0.29-0.32dis	−0.99
Nethlnd.	2.5750-2.6100	2.5790-2.5810	0.90-0.80c pm	3.94	2.61-2.51 pm	3.96
Belgium	46.06-46.31	46.06-46.08	21-25c dis	−5.98	60-65 dis	−5.42
Denmark	8.2600-8.3075	8.2700-8.2800	4¾-5½ore dis	−7.24	14¾-15¾ dis	−7.12
W. Ger.	2.3340-2.3620	2.3345-2.3355	0.70-0.65pf pm	3.47	2.00-1.95 pm	3.38
Portugal	90.00-93.00	91.00-92.50	125-325c dis	−29.43	325-925dis	−27.25
Spain	124.40-125.50	124.70-124.80	90-140c dis	−11.04	280-380 dis	−9.92
Italy	1,351-1,362	1,351-1,352	16-18 lire dis	−15.07	51-55 dis	−15.66
Norway	6.9400-6.9925	6.9500-6.9600	2½-3½ore dis	−5.17	7.90-8.90dis	−4.22
France	6.6240-6.6960	6.6250-6.6300	6½-7½c dis	−12.64	20-22 dis	−12.64
Sweden	7.2200-7.2520	7.2250-7.2350	1-1½ore dis	−2.07	5.20-5.70dis	−3.01
Japan	228.50-231.80	228.95-229.05	0.57-0.50y pm	2.80	1.45-1.35 pm	2.44
Austria	16.40-16.56	16.42-16.43	4¼-3½gro pm	2.83	12-8½ pm	2.62
Switz.	1.9300-1.9705	1.9340-1.9350	1.11-1.06c pm	6.73	2.83-2.78 pm	5.80

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 48.25-48.35

EXCHANGE CROSS RATES

Jan. 7	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.611	3.760	368.8	10.67	3.115	4.153	2177.	1.975	74.20
U.S. Dollar	0.621	1.	2.335	229.0	6.625	1.934	2.578	1351.	1.226	46.07
Deutschemark	0.266	0.428	1.	98.07	2.838	0.828	1.104	578.9	0.525	19.75
Japanese Yen 1,000	2.942	4.367	10.20	1000.	28.94	8.447	11.26	5902.	5.355	201.2
French Franc 10	0.937	1.509	3.524	345.6	10.	2.919	3.892	2040.	1.851	69.54
Swiss Franc	0.321	0.517	1.207	118.4	3.425	1.	1.333	698.7	0.634	23.82
Dutch Guilder	0.241	0.388	0.905	88.80	2.570	0.750	1.	524.1	0.475	17.87
Italian Lira 1,000	0.459	0.740	1.728	169.4	4.902	1.431	1.908	1000.	0.907	34.09
Canadian Dollar	0.506	0.816	1.904	186.8	5.404	1.578	2.103	1102.	1.	37.58
Belgian Franc 100	1.348	2.170	5.067	497.0	14.38	4.198	5.596	2933.	2.661	100.

MONEY MARKETS

No sign of panic

BY COLIN MILLHAM

London's money market traders were taking a fairly relaxed view of sterling's weakness on the foreign exchanges as last week drew to an end. Liquidity was steadily drained away by the refinancing of maturing bills held by the Bank of England, with the unwinding of repurchase agreements taking £206m out of the market on Wednesday.

Conditions are likely to remain tight throughout January as the market heads into the tax paying season, although this should be partly offset by large dividends on gilt-edged stocks. A number of stocks also mature in the first quarter, and expectations of this money being reinvested helped to keep the gilt market reasonably optimistic around the year end, although confidence has been steadily sapped of late by sterling's slide.

Hope of a cut in the Federal Reserve discount rate underpinned both the gilt and money markets, but the timing was the subject of much speculation, leading to careful examination of Friday's U.S. unemployment figures. These were much as expected, but the market had been nervous in case lower than anticipated figures led to a tightening of Fed monetary policy on indications of an economic upturn.

Although confidence is based on rather insecure foundations, the London market showed no sign of panic last week, despite the pound's sharp fall against Continental currencies and the yen.

This seemed to be based on the supposition that the Bundesbank, Bank of Japan, and other major central banks will follow the U.S. Fed during the next few weeks in cutting their key interest rates.

London interbank rates moved up by only about 1/16 per cent in the fixed periods last week, and seven-day money was fairly steady around the 10½ per cent level, despite some substantial shortages of day-to-day credit. Although the market is convinced the Bank of England does not intend to allow another rise in base rates in the present circumstances, the next downward move, heralded by lower intervention rates, may well depend on outside factors.

LONDON MONEY RATES

Jan. 7 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	6-10⅜	—	—	—	10-10¾	9¾-10¼	—	—	—
2 days notice	—	—	10⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10⅝	—	—	—	—
7 days notice	—	10¼-10½	10⅜-10½	—	—	10⅞	10-10¼	—	—	—
One month	10⅝-10[illegible]	10½-10[illegible]	10⅛-10⅜	11⅛-11	10⅜	10⅞	10-10¼	10[illegible]	10⅛	10¾
Two months	10⅝-10[illegible]	10[illegible]-10[illegible]	10[illegible]-10½	11½-10¾	10⅝	10⅞	10	10[illegible]	10[illegible]	10[illegible]
Three months	10[illegible]-10[illegible]	10[illegible]-10¾	10½-10⅝	11-10⅝	10⅝	—	9⅞-10	9[illegible]-10	10[illegible]-10[illegible]	10[illegible]
Six months	10[illegible]-10[illegible]	10½-10¾	10⅝-10½	10¼-10	10⅝	—	—	—	10-10[illegible]	10[illegible]
Nine months	10[illegible]-10[illegible]	10½-10⅝	—	10¼-10⅝	10⅝	—	—	—	—	—
One year	10[illegible]-10[illegible]	10½-10¾	10⅞	10⅝-10¼	10⅝	—	—	—	—	—
Two years	—	—	10¾-11	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 8 1982 to January 4 1983 (inclusive): 10.823 per cent.

Local authorities and finance houses seven days' notice others seven days fixed. Long-term local authority mortgage rates nominally three years 11-11¼ per cent; four years 11-11¼ per cent; five years 11¼-11½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 10-10[illegible] per cent; four months trade bills 10¾ per cent.

Approximate selling rate for one month Treasury bills 9[illegible]-10 per cent; two months 9[illegible]-10 per cent and three months 9⅞ per cent. Approximate selling rate for one-month bank bills 10[illegible] per cent; two months 10-10[illegible] per cent and three months 10-10[illegible] per cent; trade bills 10½ per cent; two months 10½ per cent and three months 10[illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10½ per cent from January 1 1983. London and Scottish Clearing Bank Rates for lending 10-10¼ per cent. London Deposit Rates for sums at seven days' notice 6¾-7 per cent.

Treasury Bills: Average tender rates of discount 9.9318 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 10¾ per cent; one-three-month 10½ per cent; three-12-month 10½ per cent. Under £100,000 10¼ per cent from December 31. Deposits held under Series 3-5 10½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES
(Market closing rates)

Jan. 7	Short term	7 days notice	Month	Three Months	Six months	One Year
Sterling	10⅜-10⅝	10⅜-10⅝	10[illegible]-10[illegible]	10[illegible]-10[illegible]	10[illegible]-10[illegible]	10[illegible]-10[illegible]
U.S. Dollar	8[illegible]-8⅞	8¾-9	8¾-9	8⅞-9⅛	9[illegible]-9[illegible]	9[illegible]-9[illegible]
Can. Dollar	9-10	10-11	9[illegible]-10[illegible]	9[illegible]-9⅞	9[illegible]-9⅞	9¾-10
D. Guilder	5⅛-5¼	5[illegible]-5¼	5[illegible]-5[illegible]	4[illegible]-5[illegible]	4[illegible]-5[illegible]	5-5[illegible]
S. Franc	1-1¼	1-1¼	2[illegible]-2[illegible]	2⅞-3	3¼-3⅝	3[illegible]-3[illegible]
Deutschm'rk	5½-5⅝	5[illegible]-5[illegible]	5[illegible]-5[illegible]	5[illegible]-5[illegible]	5[illegible]-5[illegible]	5[illegible]-5[illegible]
Fr'nch Franc	12½-13½	16-18	19-20½	20½-21½	20-21	18-19
Italian Lira	16-19	22-25	22-24⅝	23¾-24½	23-23⅞	22⅝-23¼
Belg. Franc						
Conv.	13-15	13-16	14-15	14-15	13½-14½	12-13
Fin.	12¼-12¾	12⅛-12⅝	12⅛-12⅜	12⅛-12⅜	12⅛-12⅜	12⅛-12⅜
Yen	6⅛-6¾	5⅝-6½	6[illegible]-6½	6⅜-6⅝	6⅝-6½	6½-6⅝
D. Krone	18-18½	17⅞-18⅝	19¼-19⅝	19¼-19¾	18¼-18¾	17½-18
Asia $ (Sing.)	8[illegible]-9	8[illegible]-9	8⅞-9	8⅞-9	8[illegible]-9[illegible]	9[illegible]-9[illegible]

FT LONDON INTERBANK FIXING
(11.00 a.m. JANUARY 7)

3 months U.S. dollars		6 months U.S. dollars	
bid 8 7/8	offer 9	bid 8 15/16	offer 9 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11-11½
Fed funds (lunch-time)	8⅝-8¾
Treasury bills (13-week)	7.81
Treasury bills (26-week)	7.80

GERMANY

Lombard	6.0
Overnight rate	5.95
One month	6.05
Three months	5.825
Six months	5.825

FRANCE

Intervention rate	12.75
Overnight rate	12.75
One month	12.5625
Three months	12.4375
Six months	12.375

JAPAN

Discount rate	5.5
Call (unconditional)	6.65625
Bill discount (3-month)	6.96875

SWITZERLAND

Discount rate	4½
Overnight rate	½-1½
One month	2[illegible]-2[illegible]
Three months	2[illegible]-3[illegible]

NETHERLANDS

Discount rate	5
Overnight rate	5⅜-5⅝
One month	5-5⅛
Three months	5-5⅛
Six months	5-5⅛

$ CERTIFICATES OF DEPOSIT

One month	8.65-8.75
Three months	8.65-8.75
Six months	8.70-8.80
One year	8.90-9.10

LONG TERM EURO $

Two years	10⅜-10⅝
Three years	10⅞-11⅛
Four years	11⅛-11⅜
Five years	11½-11⅝

SDR LINKED DEPOSITS

One month	9[illegible]-9[illegible]
Three months	9¼-9½
Six months	9[illegible]-9[illegible]
One year	9[illegible]-9[illegible]

ECU LINKED DEPOSITS

One month	11¼-11½
Three months	11[illegible]-12[illegible]
Six months	11[illegible]-11[illegible]
One year	10⅞-11⅛

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	91.13	91.15	91.11	91.10
June	90.81	90.83	90.78	90.80
Sept	90.53	90.55	90.50	90.52
Dec	90.17	90.17	90.17	90.15
March	89.62	89.60	89.60	89.60

Volume 541 (1,459)
Previous day's open int. 2,767 (2,556)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
March	90.05	90.11	89.98	90.15
June	89.97	90.01	89.75	90.07
Sept	89.81	89.84	89.75	89.97

Volume 824 (1,065)
Previous day's open int. 2,719 (2,668)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
March	102-15	102-25	102-07	102-23
June	102-04	102-12	101-30	102-08

Volume 1,064 (1,325)
Previous day's open int. 1,932 (2,120)
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) −16—6 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5995	1.6010	1.5935	1.6060
June	1.5960	1.5960	1.5935	1.6035

Volume 303 (289)
Previous day's open int. 701 (650)

DEUTSCHE MARKS DM 125,000
$ per DM

	Close	High	Low	Prev
March	0.4296	0.4296	0.4272	0.4283
June	0.4319	0.4319	0.4319	0.4318

Volume 68 (31)
Previous day's open int. 435 (444)

SWISS FRANCS SwFr 125,000
$ per SwFr

	Close	High	Low	Prev
March	0.5208	0.5208	0.5132	0.5153
June	0.5278	0.5275	0.5275	0.5223

Volume 90 (36)
Previous day's open int. 181 (162)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4362	0.4362	0.4353	0.4360
June	0.4392	0.4392	0.4392	0.4390

Volume 22 (5)
Previous day's open int. 137 (137)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	76-19	77-07	76-19	76-22
June	76-00	76-19	75-31	76-03
Sept	75-17	76-02	75-16	75-20
Dec	75-05	75-22	75-04	75-08
March	74-28	75-11	74-28	74-31
June	74-21	75-04	74-21	74-24
Sept	74-16	74-31	74-16	74-19
Dec	74-12	74-27	74-12	74-15
March	74-08	74-23	74-08	74-11
June	74-04	74-19	74-04	74-07

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Close	High	Low	Prev
March	92.37	92.45	92.25	92.23
June	91.99	92.06	91.93	91.91
Sept	91.63	91.69	91.59	91.57
Dec	91.31	91.35	91.29	91.28
March	91.03	91.05	91.00	91.02
June	90.79	90.79	90.78	90.81
Dec	90.44	90.44	90.44	90.49

CERT. DEPOSIT (CBT) $1m points of 100%

	Close	High	Low	Prev
Dec	90.38	90.42	90.35	90.41
March	91.49	91.54	91.35	91.35
June	91.05	91.08	90.97	90.97
Sept	90.66	90.70	90.65	90.63

3-MTH EURODOLLAR (IMM)
$1m points of 100%

	Close	High	Low	Prev
March	90.88	90.93	90.79	90.77
June	90.49	90.53	90.45	90.43
Sept	90.13	90.18	90.13	90.13
Dec	89.85	89.90	89.84	89.85

STERLING (IMM) $s per £

	Close	High	Low	Prev
March	1.5985	1.6075	1.5970	1.6010
June	1.5935	1.6025	1.5915	1.5965
Sept	1.5900	1.6010	1.5890	1.5940
Dec	1.5880	1.5980	1.5860	1.5910
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	70-06	70-17	70-00	70-01
June	69-17	69-28	69-14	69-13
Sept	69-04	69-15	69-01	69-00
Dec	68-25	69-02	68-23	68-21
March	68-16	68-26	68-12	68-12
June	68-08	68-18	68-05	68-05
Sept	68-02	68-11	68-00	67-31
Dec	67-29	—	—	67-26
March	67-25	—	—	67-22
June	67-21	—	—	67-18

WEEKLY CHANGE IN WORLD INTEREST RATES

	Jan. 7	change		Jan. 7	change
LONDON			**NEW YORK**		
Base rates	10-10¼	Unch'd	Prime rates	11-11½	Unch'd
7 day interbank	10½-10½	−⅛	Federal funds	8¼	−8¾
3 mth interbank	10[illegible]-10¾	+[illegible]	3 mth Treasury Bills	7.81	−0.09
Treasury Bill Tender	9.9318	+0.2114	6 Mth. Treasury Bills	7.80	−0.21
Band 1 Bills	10	Unch'd	3 Mth. CD	8.50	−0.25
Band 2 Bills	10	Unch'd	**FRANKFURT**		
Band 3 Bills	10	Unch'd	Lombard	6.00	Unch'd
3 Mth. Treasury Bills	9[illegible]-10	+¼	One Mth. Interbank	6.05	−0.45
1 Mth. Bank Bills	10⅛	+[illegible]	Three month	5.825	−0.475
3 Mth. Bank Bills	10[illegible]-10⅛	+[illegible]	**PARIS**		
TOKYO			Intervention Rate	12¾	Unch'd
One month Bills	6.96875	−0.1875	1 Mth. Interbank	12[illegible]	−[illegible]
Three month Bills	6.96875	−0.125	Three month	12[illegible]	−⅛
BRUSSELS			**MILAN**		
One month	12⅝	Unch'd	One month	18[illegible]	[illegible]¼
Three month	12⅝	Unch'd	Three month	19[illegible]	[illegible]¼
AMSTERDAM			**DUBLIN**		
One month	5⅛	−[illegible]	One month	15⅝	−⅜
Three month	5[illegible]	−¼	Three month	15	−⅝

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

Anderson may start court battle to block Charter

BY CLIVE WOLMAN

THE DIRECTORS of mining equipment manufacturer Anderson Strathclyde are meeting in Glasgow this morning to consider opinions by two Queen's Counsel suggesting that they could take Trade Minister Lord Cockfield and his deputy Mr Peter Rees to court for giving the go-ahead to a takeover bid for their company by Charter Consolidated.

Mr Peter Rees to whom Lord Cockfield had delegated the responsibility last month overruled the advice of the majority of the Monopolies and Mergers Commission that the takeover was against the public interest.

Sir Monty Finneston, chairman of the embattled company, said yesterday: "We have already spent £500,000 in fighting this case so a court case won't seem expensive. The minister never took anything like enough time to consider our case fairly."

The opinions to be submitted by Mr John Swift QC and Mr George Penrose QC, a Scottish barrister, pinpoint several possible flaws in the Government's handling of the affair which may lead the High Court to over-rule the Government decision as ulta vires:

● Was the decision properly delegated by Lord Cockfield, who owns shares in Charter Consolidated, to his Minister of State, Mr Rees?

● Did Mr Rees exercise the discretion granted to him by the 1973 Fair Trading Act in he manner required by the Act? This mandates him to "take into account any recommendations included in the report of the Commission" for the purpose "of remedying or preventing the adverse effects specified in the repor."

● Did Mr Rees direct his attention to all the relevant considerations in view of the fact that be took at most 20 days to reach his decision and read only a summary of the evidence?

Sir Monty said: "The Minister is expected to look at all the evidence. But we submitted to the Commission ourselves three full books, six inches thick. And then there is all the evidence of the Commission's visit to us and of the other side."

If Anderson decides to fight a court battle, it would probably seek an injunction immediately to prevent Charter, which currently has a 28 per cent stake, from renewing its bid. Charter has yet to announce whether its bid will be renewed

UDS plans to hive off investment properties

By Clive Wolman

UDS, the retailing group, which includes John Collier and Richards Shops, unveiled over the weekend a strategy to fend off a £191m bid led by Mr Gerald Ronson's Heron Corporation by selling or hiving off its *investment properties not used* for trading.

Sir Robert Clark, UDS chairman, said yesterday that about £50m of shop and office properies around the country could be put into a separate publicly-quoted company—possibly as a joint venture with another trading group. UDS shareholders would either be given cash to cover their value or shares in the new company.

"We want to get it into the minds of our shareholders that this property is worth much more than its book value," he said. Only properties not used by UDS stores would be hived off and there would be no repetition of a scheme announced last week to sell and lease-back John Collier properties, he said.

UDS assets are valued in the latest accounts at 199.3p on an inflation-adjusted basis but Sir Robert believes that the actual value of the real estate is "considerably more." The offer made last week by Heron and a group of institutional investors is worth 100p per share.

Mr Ronson said yesterday: "This is a complete diversion. Sir Robert will not achieve anything by trying to asset-strip his own company. Even property company shares stand at a discount to their net worth—and this is supposed to be a major trading company."

Mr Ronson agreed that his consortium would also seek to sell off the properties not used for trading over a five-year period but, he said, in order to finance a re-equipment and re-merchandising programme in *the UDS stores. "We would* plough the money back into the business and not hand it out in dividends," he said.

Beazer critical of R. Green defence

BY RAY MAUGHAN

THE BITTERLY contested £11.8m cash and equity bid by C. H. Beazer (Holdings), the West Country housebuilding and building products group, for R. Green Properties has been accepted by holders of only 0.15 per cent of the equity and the offer has accordingly been extended to January 21.

Beazer's holding in Green, including the accepted shares, now totals 5.73 per cent.

Beazer has written to Green's shareholders saying that Green's recent defence document is considered "inaccurate and misleading." In particular, Beazer contends that stated asset backing should be 100p per share to allow for deferred tax at the rate of 30 per cent on the assumption that the portfolio is sold, rather than the claim by Green that net assets are worth 121p per share.

Beazer points out that Green's last accounts attracted a specific auditors' qualification for this failure to provide for such a potential liability.

The offer is currently worth about 97p per share.

Beazer also quibbles at Green's failure so far to produce the full portfolio revaluation it said four weeks ago it intended to commission. However, Beazer *has not given its own share-*holders notice of the extraordinary meeting required to sanction the offer.

Its articles require 14 days clear notice of the meeting, taking the date for that meeting past the next extension date. Although Beazer can declare the bid unconditional as to acceptances, before presenting its own shareholders with the relevant ordinary resolution at an extraordinary meeting.

Welsh acquisition by RTZ

Pillar Aluminium, the Cheltenham based subsidiary of the giant Rio Tinto-Zinc Corporation, has acquired Catnic, the Caerphilly-based manufacturer of lintels and other galvanised steel components for the building industry.

RTZ is understood to have paid over £15m for one of the largest private companies in Wales which employs some 400 people in two plants in Caerphilly and turns over more than £20m annually. Its profits are understood to be running at about £3m annually.

Catnic has been sold by Mr Alfred Gooding who founded the business 10 years ago and had a 91 per cent stake, and Mr Brian Robertson. A. J. Gooding Group retains housebuilding and flat break-up operations in London and is now preparing to re-invest by taking a major stake in a quoted company.

JOHN LAING

Beechdale Engineering, a wholly-owned subsidiary of John Laing, *the building and engin*eering Group, has purchased the assets of J. W. T. Weston, a private company owned by the J. W. Tomlinson family of Bury, Lancs.

Weston manufactures agricultural machinery, including a wide range of agricultural and industrial slurry tankers and slurry handling equipment.

Nottingham-based Beechdale, currently engaged mainly in sub-contract fabrication, sees this as an important and logical step in the development and expansion of its business.

BIS selling joint venture to U.S. partner

Business Intelligence Services and Margaux Controls Inc. have agreed that Margaux should acquire BIS's 76 per cent interest in the joint venture company, BIS-Margaux, with effect from November 30 1982.

BIS-Margaux was established in 1981 to operate in the energy and building management systems business in the UK, based on established Margaux micro-processor controlled tech*nology. The first year's trading* has in establishing the UK operation and its management team in the marketplace met the objectives set. Thirty installations have been made.

When the joint venture was agreed 18 months ago, it was envisaged that BIS would have a long-term continuing participation in the business. However, it has now been agreed that direct ownership by Margaux of the UK distribution of its products is in the best interests of Margaux UK customers and staff in providing them with direct access to the supplier of this developing technology.

The consideration of some £300,000 for the sale of BIS interests will be applied to the further development of the BIS Group's existing business including acquisitions.

COURTAULDS

Courtaulds' agreement to sell the shareholding in Moygashel to Lamont Holdings has been completed.

CRANE/IMI

In line with its policy of consolidating its industrial servicing operations Crane has acquired *the business of IMI Vale Ser*vices, a subsidiary of IMI (formerly Imperial Metal Industries).

Analysis supports share buying in Election week

BY CHRISTOPHER CAMERON-JONES

THE STOCK MARKET prefers a Conservative to a Labour Government. At least it does at the time of a General Election. But whichever way the voting goes on the day, investors cannot go wrong if they buy seven days before hand.

These are the conclusions drawn by two Liverpool University lecturers, Mr P. F. Peel and Mr D. A. Pope, from their analysis—believed to be the first of its kind—of the behaviour of the stock market in the 28 trading days before and following the ten General Elections held since 1950.

The Conservatives were elected on five occasions and on the following day the market rose on four of those occasions and fell on the other. Labour was also elected five times and the reaction was exactly the reverse.

The lecturers findings, which are published in the latest issue *of The Investment Analyst*, indicate that the market reacts in a fairly systematic fashion depending on the result, appearing to prefer a Conservative to a Labour government.

"The index rises, on average, the day after a Conservative victory, although subsequently the behaviour of the index varied, probably due to other significant items of news arriving."

A new Labour regime on the other hand causes an immediate decline in stock prices generally, which seems to persist for a month, they found.

Buying shares at any time prior to an election would, on average, have shown a positive return. The rate of increase by buying seven days ahead averaged out at 2.17 per cent.

However the paper advises investors to sell a day after the election of a Conservative Government. If the Labour Party is elected also sell on the day following the election but, simultaneously, sell short (shares not yet held), closing the position on the 28th trading day following the election.

The analysis was unable to pinpoint the reason for the prolonged decline after a Labour victory. But the market rise before an election is consistent with U.S. experience at the time of Presidential elections and appears to bear no particular relationship to opinion poll predictions.

FISONS

In an article published on December 23 dealing with share performance we referred to a change in the chairmanship of Fisons during 1981. This should have referred to the change in chief executive officer. Sir George Burton remains chairman.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Brown and Tawse, Carclo Engineering, Claverhouse Investment Trust, Ellis and Everard, H. Samuel.

Finals—Consit. Espley-Tyas Property, London Scottish Finance, Sotheby Parke Bernet.

FUTURE DATES

Interims—

Banks (Sidney C.)	Jan 19
Benn Brothers	Feb 9
Centreway Industries	Jan 28
Gelfer (A. and J.)	Jan 19
Hales Properties	Jan 12
Kakuzi	Jan 18
Mercantile House	Jan 25
Restmor	Jan 17

Final—

Laing Properties	Mar 23

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982-3 High	1982-3 Low	Stock	Closing price p	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
‡‡	F.P.	—	261	250	AMEC (50p)	261	+2	g9.0	—	4.9	—
§108	F.P.	15/1	165	140	✠Baltic Leasing 5p	165	+10	b2.8	5.5	2.8	12.9
§75	F.P.	10/1	147	115	✠Bespak 10p	147	+5	b2.5	3.5	2.4	15.6
‖‖	F.P.	—	16	12	✠Booth (Charles) 5p	16		—	—	—	—
§100	F.P.	22/4	102	100	Br. Kidney Pat. As.	102	...	—	—	—	—
¶215	100p	23/4	84	60	Britoil 10p	86	+2	b9.9	1.8	7.8	10.1
§74	F.P.	21/1	132	103	✠Canvermoor	132	+5	b3.64	2.0	3.9	14.9
80	F.P.	12/11	102	63	✠Ciro 10p	103		●u3.92	1.9	5.4	13.4
25	F.P.	—	40	27	✠First Talisman Inv 20	30		b0.6	3.0	2.9	16.8
§150	F.P.	26/11	250	215	✠Fitch & Co. 10p	240	+15	b4.2	1.9	2.5	30.0
55	F.P.	7/1	133	96	✠Garfunkels Rest. 10p	113	−1	b1.86	3.2	2.4	14.8
§52	F.P.	7/1	84	66	✠Indust'l Fin & Inv Gp	80	...	u2.0	3.5	3.6	12.9
§17	F.P.	21/1	35	24	✠Inn Leisure 5p	35	...	ud.42	3.7	1.7	17.5
§130	F.P.	14/1	180	158	✠Memory Comp Ir 10p	180	...	bQ28.6	5.5	1.5	17.6
§120	F.P.	30/12	235	195	✠Micro Bus. Sys. 10p	205	...	b2.25	5.4	1.6	16.4
§150	F.P.	7/1	255	200	✠Munford & White	225	+5	b2.6	2.4	1.7	15.6
90	F.P.	—	175	149	✠NMW Computers	172	+7	g3.0	2.8	2.5	18.2
§95	F.P.	4/2	198	145	✠Resource Tech. 10p	190	−3	—	—	—	18.5
B25	F.P.	14/1	217	143	S.T.C (New)	204	−2	b6.0	1.9	4.2	15.8
§82½	F.P.	21/12	150	102	✠Slaters Food Prds 10p	150	...	b2.0	3.8	1.9	18.8
§120	F.P.	—	125	112	✠Swindon Priv Hos £1	112		—	—	—	—
§210	F.P.	17/12	305	275	Systems Design 're 10p	293	...	b2.2	5.5	1.1	17.6
£355	F.P.	3.12	£375	£350	✠Technofan SA Fr100	£350	−	uFr150	2.0	5.2	15.5
§10½	F.P.	—	29	16	✠Tops Estates 10p	26	...	—	—	—	—
‡‡	F.P.	18/2	195	188	Transconti. Serv. 50c.	188	...	H6.7	—	5.1	—
§80	F.P.	—	87	55	††Voyager Pet. (UK)	55	...	—	—	—	—
£0.84	F.P.	12/11	69	68	✠Woodchester Invs.	70	...	bQ3.18	4.1	4.5	5.8

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price £	+ or −
‡‡	F.P.	—	108	102	AMEC 15% Uns. Ln. 1992	107¼	−¼
97.504	£25	4/3	29½	19¾	BOC 12¼% Uns. Ln. 2012 17	21½	−½
99.431	£20	10/4	21⅞	14½	Birmingham 11½% Red. 2012	15¼	...
96.674	£25	29/4	26¼	25½	Bishopsgate Tst. 7-17½ Stpd Deb 2023	25¾	−¼
100	£10	24/12	11	9½	Cambridge Water Works 7% Red Prf '89	9½	...
‡‡	F.P.	4/3	94	88	Espley Tyas 11½% Conv. Uns. Ln. 1988	88	...
97.91	£30	—	32	19¾	European Inv. Bk. 11% Ln. 2002	21½	−¼
‡‡	F.P.	—	35p	30p	Jessel Toynbee 3.75% Red Cum. Pref.	35p	...
‡‡	F.P.	—	42	42	Keep Inv. Tst. 4.9% Net. Red. Cum. Pref.	42¼	...
99.799	£25	31/5	25½	23¾	London Shop 12.5% 1st Mt. Deb. 2016-20	24½	...
99.15	£25	31/5	24¾	22	NatWest 12½% Sub. ord Uns Ln. 2004	23	−¼
—	—	—	100¼	100	Nationwide Bg. Soc. 11½% Bds. 19/12/83	100⅛	−⅛
§99.799	£30	25/2	30¼	27¾	Scottish Eastern Inv. Tst 12½% Deb. 2012	29¾	−¼
‖100	F.P.	25/4	124	107	Tesco 9% Cnv. Uns. Ln. 2002.07	119	+3
‡‡	F.P.	18/2	90	85	Transcont. 9% Cnv. Red. Uns. Ln. Nts. 1988	90	...

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 3 High	1982 3 Low	Stock	Closing price p	+ or −
60	Nil	14/1	11/2	10½pm	8pm	ICL	8½pm	−½
117	F.P.	31/12	31/1	146	138½	Park Place Inv	146	...
470	Nil	11/1	11/2	110pm	53pm	Wolseley Hughes	110pm	+42

Renunciation date usually last day for dealing free of stamp duty. Fr French France. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *r* Indicated dividend: cover relates to previous dividend. *P/E* ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T *Figures assumed.* ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ‡‡ Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ✠ Effective issue price after scrip. † Formerly dealt in under special rule. ◆ Merger bid or reorganisation in progress.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

Company	Date	Announcement last year
Alexanders Discount	Jan 25	Final 13.0
Assoc. Dairies	Jan 27	Interim 1.35
*Assoc. Newspapers	Jan 12	Final 5.9
Bank Leumi UK	Feb 15	Final 7.0
Bath and Portland	Feb 17	Final 2.5
Berisford (S. & W.)	Jan 14	Final 5
Birmid Qualcast	Feb 17	Final 1.4
Brit. Elec. Traction	Jan 21	Interim 1.863
Brown (J.)	Jan 29	Interim 1.75
Consolidated Plantations	Feb 18	Interim 7 sen.
Dalgety	Feb 16	Interim 11.0
*Dixons	Jan 20	Interim 1.379
*Dowty	Jan 24	Interim 1.55
*Fitch Lovell	Jan 26	Interim 1.491
Gestetner	Jan 20	Final 1.375
Gillett Bros. Discount	Feb 17	Final 1.75
Gold Fields SA	Feb 2	Interim 165c
Guinness (A.)	Dec 15	Final 3.325
*Hogg Robinson	Jan 11	Interim 3
*Imperial Group	Feb 10	Final 4.5
*Lloyds Bank	Feb 18	Final 12.75
Lonrho	Feb 11	Final 6.0
Lonsdale Universal	Feb 4	Final 0.5
*MFI Furniture	Jan 20	Interim 1.1
*Magnet and Southerns	Jan 12	Interim 2
Marley	Dec 16	Final 1.25
*Mercantile House	Jan 25	Interim due
Prop. Sec. Inv. Tst.	Jan 20	Interim 0.5
*Racal	Jan 18	Interim 1.265
*Rank Org.	Jan 25	Final 8.0
*SGB	Jan 17	Final 3.3
*Samuel (H.)	Jan 10	Interim 1.5
Securicor	Feb 10	Final 1.23
Sime Darby	Feb 18	Interim 4 sen.
Smith Bros.	Feb 4	Interim 0.5
*Tate and Lyle	Jan 19	Final 1.5
*Thorn EMI	Jan 14	Interim 4.05
*Trusthouse Forte	Jan 19	Final 4.5
*Union Discount	Jan 26	Final 17.0

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

INSURANCE

Lloyd's brokers overstate earnings, analysts claim

BY JOHN MOORE, CITY CORRESPONDENT

MOST LLOYD'S insurance brokers are over-stating the amount of money they earn in brokerage and their auditors' acquiescence in this practice encourages imprudent accounting. That is one of the main conclusions of a survey* published earlier this month by the financial analysts, Financial Intelligence and Research, into the status and performance of more than 200 Lloyd's brokers.

The report says that even when brokerage is credited in report and accounts, and described, it is in almost all cases insufficient to ascertain precisely the degree to which brokerage is reserved or provided for an unearned. Most companies adopt the practice of crediting 100 per cent of brokerage in the year insurance business is placed.

After discussions with accountants involved in the preparation of broking firm accounts, the compilers of the survey say that it is clear that at each year-end it is the crediting of maximum brokerage which takes priority over reversing, reducing, or creating reserves for unearned brokerage.

The practice of taking full credit for all brokerage on all business processed, as has been suggested, arose out of tax considerations. Any reserves for unearned brokerage or other provisions might be regarded as taxable income.

The report argues that there are other reasons too. Prudent accounting for unearned brokerage is not followed because the adoption of such methods would strain balance-sheets by increasing insurance liabilities in the form of an amount representing a provision or reserve.

For that reason, says the report, most Lloyd's brokers will continue to "run in order to stand still" hoping to generate increasing brokerage to pay for their administrative systems, claims and the run-off of past business for which brokerage was credited in full in previous accounting periods. They also hope to cover cancellations of brokerage already imprudently credited to revenue in respect of long-term contracts.

Brokers earn their revenues in the form of commissions, or brokerage paid out of the premiums by the insurance companies with whom they have placed the business of their clients. The report observes that a fundamental element of insurance accounting used by the companies is the practice of making suitable alowances for unearned premiums. It considers it ironic, that the brokers who are assessing the security of the insurance and reinsurance companies with which they place business are taking full credit of the brokerage in relation to the premiums which are treated as unearned in the accounts of the insurance groups.

The report also criticises the way in which an insurance broking account — maintained to ensure that it is anly used for insurance revenues in the form of premiums and claims—is used by the Lloyd's insurance brokers.

"It is generally considered that the insurance brokers account system used by Lloyd's brokers represents a degree of protection for the client, insurer, underwriter, and reinsurre," says the report.

"There is a convenient degree of ambiguity and uncertainty in the regulations relating to the point in time at which a broker may withdraw brokerage from the insurance broking account."

The correct method and timing of withdrawal, "may seem obvious to those who regard the insurance broking account as a trust account but it is certainly not clear to many involved in operating such accounts."

The brokerage element in a premium is clearly an amount to which the broker is entitled, says the report. "What is left vague, however, is whether the brokerage element to which the broker is entitled may be withdrawn from the insurance broking account prior to receipt of premium, or whether brokerage in respect of a particular broker contract can only be withdrawn from the insurance broking account once the premium in question has been credited to the bank balances of the insurance broking account."

A clear notice on the subject, says the report, is required to remove the ambiguity for the management and auditors of Lloyd's brokers. "Alternatively, it should be acknowledged that insurance broking accounts" are not "trust accounts," it continues.

The report into self-regulation at Lloyd's, prepared at Lloyd's request by Sir Henry Fisher, a former High Court judge, already considered this point.

Sir Henry and his working party said in 1980 that they recommended that a new ruling council of Lloyd's, which met for the first time last week in formal session, should continue an investigation, which has been underway for some time, of a scheme to achieve "trust status" for all money held by Lloyd's brokers in the insurance broking accounts so that in an event of insolvency, this money would be available only to insurance creditors.

But the latest report into the accounting methods of the Lloyd's insurance broking community is likely to add fresh impetus to Lloyd's reforms.

* *Lloyd's Brokers—Financial Status & Performance. Financial Intelligence & Research. 49-51 The Avenue, London W13.*

APPOINTMENTS

Board changes in IDV group

Following the appointment of Mr G. J. Bull as chief executive of INTERNATIONAL DISTILLERS AND VINTNERS, Mr C. J. Pearman, in addition to his present board responsibilities for the I.D.V. businesses in continental Europe and Ireland, succeeds Mr Bull as chairman of I.D.V Export. Mr J. Bruxner becomes chairman of Justerini & Brooks while retaining his present role as managing director, and Mr J. A. King, managing director of J & B (Scotland), assumes additional responsibility as vice chairman of Justerini & Brooks. Mr D. Maxwell Scott is appointed commercial director of Justerini & Brooks.

★

The DEPARTMENT OF TRADE has appointed Mr David Jones as adviser on trading standards in succession to Mr Robert Kilsby. For the past 17 years he has served as a deputy and chief officer of trading standards for four authorities in the North West and North East of England; latterly as director for Tyne and Wear County Council.

★

Mr D. L. Burt, Mr E. E. Dell, Mr P. C. E. Dix, Lord Kissin and Mr T. Naggar have resigned as non-executive directors of GUINNESS MAHON & CO as a result of group reorganisation including the sale of Guinness Peat's commodity division.

★

BRITISH RAILWAYS has appointed two board members, Mr Clifford Rose and Mr Geoffrey Myers deputy chief executives for the railways. Mr Rose becomes responsible for operations and productivity. Mr Myers continues his responsibility for marketing. Mr James Urquhart, chairman of British Rail Engineering, will be responsible for exports and chairman of the board's overseas consultancy Transmark. From March 1 he will also take over as chairman of Freightliners. Mr John Palette is now director of personnel. The London Midland Region of BRITISH RAIL has appointed Mr Philip Dunkley as area manager, Euston. He succeeds Mr Eric Ball, who is retiring.

Mr J. W. Levy has resigned from the parent company board of WALTER RUNCIMAN on retiring from the position of chief executive of JOHN TANN HOLDINGS but remains a non-executive director of that company.

★

Mr John Tattersall has been appointed a director of GALLIC MANAGEMENT and Gallic Shipping.

★

Mr Phil Smith, the company's actuary has joined the board of HAMBRO LIFE.

★

Integration of the two banks following the merger of The National Bank of Australasia and the Commercial Banking Company of Sydney has been completed. London office of the new group, NATIONAL COMMERCIAL BANKING CORPORATION OF AUSTRALIA, is under the management of Mr T. M. Robinson, chief London manager (UK and Europe). Other senior appointments are: Mr M. A. Bishop, senior manager corporate; Mr G. D. Hannant, senior manager international; and Mr P. C. Taylor, senior manager administration.

Mr T. M. Robinson, chief London manager, National Commercial Banking Corporation of Australia

★

As a result of the restructuring of the Europe distribution and control products divisions into one business, the WESTINGHOUSE ELECTRIC CORPORATION has appointed Mr L. S. Lennartson as managing director of Ottermill. He will be responsible for all Ottermill operations in England, plus Durban, South Africa, Dunleer in Ireland, and Madrid, Spain. Mr Sherwood Lennartson has almost 30 years' experience with Westinghouse. Prior to his UK appointment he was deputy to the president of Westinghouse International Europe, Africa and Middle East. Dr Dennis Hardy, managing director, Distribution Products International, has retired. He has been managing director of Ottermill since 1967.

★

Mr I. Tim Wentworth has been appointed to the board of THE HERITABLE AND GENERAL TRUST, with continued responsibility for banking services.

★

Mr Andrew Reid has been appointed commercial director of BROWN AND JACKSON. He was previously commercial manager for the Brown and Jackson Group.

★

Mr M. J. Fuller, general manager for the Midlands and South-West division of MIDLAND BANK, has taken charge of the business development division in place of Mr P. J. Nicholson, a general manager. Mr G. A. Gilhespy succeeds him. Mr Nicholson is to assume responsibility for London and South-East division on the forthcoming retirement of Mr A. J. Knights, a general manager.

★

The HIGHACRE GROUP OF COMPANIES has appointed Mr W. D. Deans as consultant financial director. He was formerly joint managing director and financial director of the Hunting Gate Group. Also joining the board, as construction director, is Mr Rod Atkins, who has been with the companies as chief surveyor and buyer since 1974.

★

The Earl of Iddesleigh has been appointed to the board of UNITED DOMINIONS TRUST. He is chairman of the South West Trustee Savings Bank.

★

Mr G. J. Deeks, ex-managing director of Rank Xerox Copy Bureaux, has become non-executive director of REVENUE ACCOUNTING CONTROLS.

★

Mr Ray Childs has been appointed franchise director of Winchester - based CONDER HARDWARE where he will be responsible for establishing a franchise network to market an acoustic ceiling cleaning service. He was a director of the British School of Motoring.

★

BASSETT FOODS has made two promotions to the group board: Mr B. E. Creed, managing director of the confectionery manufacturing subsidiary Geo. Bassett and Co., and Mr B. Bunnik, managing director of Bassett International.

★

Mr R. J. Boden has been appointed a director of KLEINWORT, BENSON. Mr J. B. W. Shield of Kleinwort Benson Hong Kong has become an assistant director of Kleinwort, Benson and Mr [illegible] has become an assistant director of Sharps, Pixley.

★

THE PRESTIGE GROUP has appointed Mr P. J. van Zuydam as managing director. He was managing director of the group's UK operations. He was appointed a director in January 1981.

★

Mr R. M. Armstrong has been appointed finance director of MARLEY.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Amusement Trades Exhibition (01-228 4107) (until January 13)	Olympia
Jan 11-14	Catering Equipment and Food Exhibition—CEFEX (01-839 5041)	NEC, Birmingham
Jan 18-21	Which Computer? Show (01-747 3131)	NEC, Birmingham
Jan 23-27	International Lightshow (05884 658)	Olympia
Jan 25-27	Hotel Catering and Fast Food Exhibition (01-222 9341)	Bournemouth
Jan 25-27	London Contract Flooring and Wallcovering Exhibition (Surrey (0276) 74987)	Cunard International Hotel
Jan 29-Feb 2	British Toy and Hobby Fair (01-701 7127)	Earls Court
Feb 6-10	International Spring Fair (01-499 7324)	NEC, Birmingham
Feb 9-10	Business Equipment and Services Exhibition (Bournemouth (0202) 20533)	Bournemouth
Feb 13-16	International Men's and Boys' Wear Exhibition—IMBEX (021 705 6707)	Olympia
Feb 2-6	International Swimming Pool and Leisure Show (Leatherhead (0372) 372896)	Wembley Conference Centre
Feb 22-24	British Yarns Show (Bradford (0274) 490087)	Holiday Inn, Leicester
Feb 22-25	Information Technology and Office Automation Exhibition INFO '83 (01-647 1001)	Barbican

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	International Hotel and Catering Industries Trade Fair (01-228 2880) (until January 13)	Dusseldorf
Jan 12-15	Home Furnishing Textile Fair (01-734 0543)	Frankfurt
Jan 13-17	International Exhibition of Supplies and Materials for the Furniture Trade (01-439 3964)	Paris
Jan 13-18	International Lighting Exhibition (01-439 3964)	Paris
Jan 19-22	International Electronic Packaging and Production Equipment Exhibition (0483 38085)	Tokyo
Jan 19-25	International Toy Exhibition (01-439 3964)	Paris
Jan 24-28	International Record and Music Publishing Market MIDEM (01-499 2317)	Cannes
Feb 5-9	Middle East Electricity and Electronics Exhibition (01-935 8200)	Jeddah
Feb 9-12	International Fair for Household Appliances Fittings and Components—DOMOTECHNICA (01-730 4645)	Cologne
Feb 11-14	International Exhibition of Household Goods, Glassware, Ceramics, Software and Gifts—MACEF (01-242 7829)	Milan
Feb 21-25	Environmental Pollution Control Techniques ENVITECH (01-730 4645)	Amsterdam

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Jan 11	Pro Ned with FT: non-executive directors—how they can help your business (01-621 1355)	Midland Hotel, Manchester
Jan 13	Kenyon International: Rethinking Industrial Relations in the '80s and '90s (01-487 3418)	Hilton Hotel
Jan 13-14	Oyez IBC: Effective negotiation (01-236 4080)	Portman Hotel, W1
Jan 14	ESS: how to dispute revenue decisions (Uppingham (057 282) 2711)	Bowater Cnfnce. Centre, SW1
Jan 17-18	FT Conference: New challenges for the accountancy profession (01-621 1355)	Inter Continental Hotel, W1
Jan 18	ESC: Corporate finance now (Uppingham (057 282) 2711)	Glaziers Hall, SE1
Jan 19	Oyez IBC: The new poster business—have the questions been answered? (01-236 4080)	Royal Garden Hotel, W8
Jan 19	Macfarlane: Better media value for advertisers (01-724 2598)	Press Centre, EC4
Jan 19	The Henley Centre for Forecasting: Leisure futures (01-353 9961)	Inn on the Park Hotel, W1
Jan 19-20	FT Conference: International property markets (01-621 1355)	Inter Continental Hotel, W1
Jan 20	Institute of Directors: How to get money for new ventures (01-839 1233)	116 Pall Mall, SW1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY
COMPANY MEETINGS—
Murray Clydesdale Invest Trust, 163 Hope Street, Glasgow, 11.00
BOARD MEETINGS— [illegible]

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage Corpn Var Rate Bonds £6.5281
Anglo American Corpn of South Africa [illegible]

[illegible]

FRIDAY JANUARY 14 — [illegible]

WEDNESDAY JANUARY 12 — [illegible]

THURSDAY JANUARY 13 — [illegible]

SATURDAY JANUARY 15 — [illegible]

Greene, King
Jones Stroud
London Invest Trust
Symonds Engineering
Waddington (John)
Wigfall (Henry)

Sandwell (Metropolitan Borough of) 13pc 1985 6½pc
Treasury 11½pc 1985 5¾pc
Treasury 9½pcLn 1999 4¾pc
Treasury 13pc 1990 6½pc
W Ribbons Hldgs 10pcCnvPf 1995-96 5p
Witan Invest 3.4pcPf 1.7p

BASE LENDING RATES

Bank	Rate	Bank	Rate
A.B.N. Bank	10 %	■ Hambros Bank	10 %
Allied Irish Bank	10 %	Hargrave Secs. Ltd.	10½%
Amro Bank	10 %	Heritable & Gen. Trust	10 %
Henry Ansbacher	10 %	■ Hill Samuel	§10 %
Arbuthnot Latham	10 %	C. Hoare & Co.	†10 %
Armco Trust Ltd.	10 %	Hongkong & Shanghai	10 %
Associates Cap. Corp.	10 %	Kingsnorth Trust Ltd.	11 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	10½%
Bank Hapoalim BM	10 %	Lloyds Bank	10 %
BCCI	10½%	Mallinhall Limited	10 %
Bank of Ireland	10 %	Edward Manson & Co.	11 %
Bank Leumi (UK) plc	10 %	Midland Bank	10½%
Bank of Cyprus	10 %	■ Samuel Montagu	10 %
Bank Street Sec. Ltd.	10½%	■ Morgan Grenfell	10 %
Banque Belge Ltd.	10 %	National Westminster	10 %
Banque du Rhone	11 %	Norwich Gen. Tst.	10 %
Barclays Bank	10 %	P. S. Refson & Co.	10½%
Beneficial Trust Ltd.	10 %	Roxburghe Guarantee	10½%
Bremar Holdings Ltd.	11 %	Royal Trust Co. Canada	10%
Brit. Bank of Mid. East	10 %	Slavenburg's Bank	10 %
■ Brown Shipley	10½%	Standard Chartered	‖10 %
Canada Perm't Trust	10½%	Trade Dev. Bank	10 %
Castle Court Trust Ltd.	10½%	Trustee Savings Bank	10 %
Cavendish Gty Tst Ltd.	10½%	TCB	10 %
Cayzer Ltd.	10 %	United Bank of Kuwait	10 %
Cedar Holdings	10 %	Volkskas Intl. Ltd.	10 %
■ Charterhouse Japhet	10 %	Westpac Banking Corp.	10 %
Choulartons	10½%	Whiteaway Laidlaw	10½%
Citibank Savings	¶ 9 %	Williams & Glyn's	10 %
Clydesdale Bank	10 %	Wintrust Secs. Ltd.	10½%
C. E. Coates	11 %	Yorkshire Bank	10 %
Comm. Bk. of N. East	10 %		
Consolidated Credits	10 %		
Co-operative Bank	*10 %		
The Cyprus Popular Bk	10 %		
Duncan Lawrie	10 %		
E. T. Trust	10 %		
Exeter Trust Ltd.	11½%		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12½%		
Robert Fraser	11 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.5%, 1-month 6.75%. Short-term £8,000/12-months 7.5%-9.1%.
† 7-day deposits on sums of: under £10,000 6¾%, £10,000 up to £50,000 7¾%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £1,000 7¾%.
§ Demand deposits 6¾%.
¶ Mortgage base rate.

FT COMMERCIAL LAW REPORT

Stopping profits of organised crime

THE PROFOUND U.S. thinker Thurman Arnold reminded his fellow countrymen, in his Folklore of Capitalising, that the financial structure of Chicago in the 1930s was wrecked not by a gangster, Al Capone, but by a financier, Insull. Ever since then, racketeering has thrived in the U.S., to the consternation of the most crime-ridden of modern nations.

Organised crime has depended in no little part for its survival in the U.S. on weak law-enforcement, so that 12 years ago Congress launched a piece of legislation to counteract what many argued was fast becoming an endemic feature of U.S. society.

Twelve years later lawyers and administrators are examining the effects of the Racketeer Influenced and Corrupt Organisations Act (RICO). Their conclusions are being studied across the 49th parallel, where a task-force of Canadian administrators is formulating proposals for the Trudeau Administration.

Interest has been aroused, too, in this country, where an unofficial committee is looking at the law relating to the confiscation of the proceeds (or at least the profits) of crime, following the disclosure in 1980 that the English courts were largely powerless to seize the *profits made from* large-scale drug-trafficking and other major crimes that produced for their perpetrators huge fortunes.

RICO does not create a new type of crime. It merely builds on traditional crimes that are already punishable by law. It does, however, single out a number of serious crimes, as defined under "racketeering activities", and declares that any person who commits two of more of these offences within a 10-year period has been involved in a "pattern of racketeering". The distinctive feature of the legislation is the powers of forfeiture invested in the courts to strip offenders of their economic power.

The elements of RICO offences are that it is unlawful for any person through a pattern of racketeering activity or collection of an unlawful debt directly or indirectly to invest in, or to maintain an interest in, or to participate in an enterprise the activities of which affect commerce.

In focusing on four specific types of criminal infiltration the RICO statute puts into the hands of prosecutors a method of attacking the economic base of organised crime. The four types are: legal acquisition with illegal funds; acquisition of any interest by illegal means; the illegal use of any enterprise; and a conspiracy to commit any of those three provisions.

What is distinctive about this conspiracy offence is that, unlike traditional conspiracy law, RICO allows for the joint prosecution of those accused of participating in the affairs of a racket within an enterprise, even though agreement to every crime cannot be established. Court decisions indicate it is necessary only to establish that at least two persons have been committing at least two racketeering offences.

For example, in a 1978 case several defendants were proved to have committed various random criminal acts but never acted as a group. The fact they had committed unrelated crimes was irrelevant. All that was necessary was that the individual participated in the affairs of the enterprise by the commission of at least two racketeering offences.

The feature of the RICO statute that excites most interest among observers is the twin application of criminal forfeiture and civil penalties modelled on the anti-trust laws. They *include divestiture of* property, injunctions against persons dealing with infected property, and dissolution of the enterprise, in addition to a private right of action for treble damages to persons injured as a result of a RICO offence, the latter being calculated to provide incentives to the victims of organised crime to take action in the courts.

Criminal forfeiture is designed to detach the convicted racketeer from the infiltrated enterprise. It is intended to "restore victimised commerce to health, not to bankrupt defendants or dismantle their legitimate businesses." Forfeiture is contingent on the nature of the property, not the property-owner's crime.

Forfeitures have been obtained in a wide range of cases and many sorts of interest have been forfeited. Elected offices in trade unions, pr its from contracts obtained by fraud, cash, jewelry, houses, restaurants, office accommodation, aircraft, cars, supermarkets and massage-parlours are a few of the examples.

The range of the forfeiture provisions has provided the greatest scope for controversy. For example, the RICO statute allows for forfeiture of interests in legitimate businesses. A prosecutor may properly limit an application for fortfeiture so as to leave untouched those components of the business conducting legitimate activity.

Another prosecution, howeverr, may take the view that the racketeering activity to which the RICO statute is applied would justify forfeiture of the defendant's entire interest, even if it encompasses the whole enterprise.

Many U.S. lawyers find it distasteful that their clients, who in the main conduct legitimate businesses, expose themselves to such sweeping effects of forfeiture.

On the other hand, the courts have placed a restriction on the forfeiture of profits. They have held that income obtained from a pattern of racketeering activity is not forfeitable unless *it is invested in the enterprise.* Profits invested in consumer goods cannot be forfeited.

The most difficult problem for the courts has been the forfeiture of property transferred to third parties. The argument of prosecutors has been that for criminal forfeiture to be halfway effective they must be allowed to follow assets into the hands of third parties. Otherwise defendants could escape the prime purpose of forfeiture by transferring assets out of the reach of the authorities. Because mandatory forfeiture can take place only after conviction, the interests of heirs, successors and assignees could not be affected. In two cases, however, the courts forfeited the interests of third parties.

In one case, the courts accepted that tainted property transferred prior to or after indictment was forfeitable without the prosecution having to show that the property had been transferred to avoid forfeiture.

In the other case, forfeiture was ordered although the defendant's wife, to whom property had been transferred, was not herself charged with a criminal offence.

Any system of forfeiture is heavily dependent on a preliminary financial investigation to determine which interests would be subject to forfeiture: A prosecutor has to give advance notice that forfeiture is being sought. At the time of indictment the prosecution may also seek an order from the court preventing the dissipation of assets allegedly subject of forfeiture.

Pre-trial restraining orders have been problematical. To freeze the assets in advance of the trial and of the establishment of forfeitable property, prosecutors have had to demonstrate that they are likely to convince the trial-court beyond a reasonable doubt that the defendants would be found guilty; that transfer or disposition of the property would constitute irreparable harm; that the public interest would be served by the issue of a restraining order; and that failure to obtain the order would defeat the objective of removing legitimate business interests from criminal ownership.

These are formidable requirements and present hurdles to the prosecution that might soon lead to a relaxation of the burden on prosecutors, so long as some redress to *defendants* can be found for freezing of their assets that are found ultimately not to be forfeitable.

Justinian

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2
01-638 0478/0479 or 01-588 2777

UK Specialist Funds				
Assets	126.0	135.8	+1.4	4.48
Recovery	45.5	49.1	+0.9	3.93
Smaller Cos.	72.2	77.8	+0.9	2.65
Spec. Mkt. Sits.	62.9	67.8	+1.2	2.36
UK Blue Chip	46.5	50.1	+0.6	3.87

INSURANCES

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 — 01 623 1288

Black Horse Man Fd.		215.60		—
Managed Inv Fd.	144.67	154.39		—
Property Fd.	144.54	152.15		—
Fixed Interest Fd	137.24	144.47		—
Cash Fd	130.49	137.36		—
Income Fd	141.81	149.28		—
Extra Income Fd	132.99	139.99		—
Worldwide Growth Fd.	186.72	196.55		—
Balanced Fd.	155.85	164.06		—
Smlr Co's & Recv. Fd	160.05	168.48		—
Int Technology Fd	207.87	218.82		—
Nth Amer & Gen. Fd	131.42	138.34		—
Energy Int. Fd	84.59	89.05		—
Pacific Basin Fund	113.27	119.24		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. — 0444 414111

Equity	96.8	101.9	+1.9	—
International	95.5	100.6	+0.6	—
Property	96.3	101.4	-1.4	—
Deposit	95.1	100.1	+0.1	—
Fixed Interest	94.3	99.2	-0.8	—
Managed	95.7	100.7	+0.7	—
Equity Pens Cap.	97.0	102.1	+2.1	—
Intnl Pens Cap.	95.6	100.6	+0.6	—
Property Pens Cap	96.4	101.5	+1.5	—
Deposit Pens Cap	95.1	100.1	+0.1	—
Fixed Int Pens Cap	94.0	99.0	-1.0	—
Managed Pens Cap.	95.7	100.7	+0.7	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. — Waltham X 31971

Portfolio Fd. Acc.		214.4		—
Portfolio Fd. Init.		183.3		—
Portfolio Fd. Cap.		208.1		—
Portfolio Man. Acc.	65.4	68.8		—
Portfolio Man. Init.	58.3	61.4		—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU — 01-377 1122

Flexible Finance		1,425	....	—
Landbank Secs.		64.03	....	—
Landbank Scs. Acc.	173.3	177.8	....	—
G. & S. Super Fd.		£10.734	....	—

Guardian Royal Exchange
Royal Exchange, E.C.3. — 01-283 7101

Guardian Assurance

Property Bonds	298.6	311.0	....	—

GRE Linked Assurance Limited

Managed Initial	180.7	190.2	-0.8	—
Do. Accum.	197.1	207.5	-0.9	—
Equity Initial	228.1	240.1	-0.5	—
Do. Accum.	248.8	261.9	-0.6	—
Fixed Int. Initial	176.9	186.3	+0.1	—
Do. Accum.	193.0	203.2	+0.1	—
International Initial	170.9	179.9	+4.0	—
Do. Accum.	186.4	196.2	+4.4	—
Property Initial	121.2	127.6	....	—
Do. Accum.	132.2	139.2	....	—
Deposit Initial	119.3	125.6	....	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. — 0272-279179

Equity	192.8	198.5	....	—
Fixed Interest	152.9	153.6	....	—
Property	157.2	161.9	....	—
Deposit	136.6	136.6	....	—
Mixed	170.3	173.9	....	—
Indexed Stk.	110.1	110.6	....	—

London Life Managed Funds Ltd.

Equity (P.)	137.6	142.4	....	—
Fixed Int. (P.)	152.3	153.4	....	—
Property (P.)	115.1	119.1	....	—
Deposit (P.)	113.4	119.4	....	—
Mixed (P.)	134.7	138.1	....	—
Indexed Stock (P.)	114.7	115.5	....	—

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. — 0392 52155

Invest. Tst. Fd. Cap.	242.5	—	+0.8	—
Invest. Tst. Fd. Acc.	249.1	—	+0.9	7.4
Property Fund Cap.	116.4	—	+0.1	—
Property Fund Acc.	119.5	—	+0.1	3.0
Flexible Fund Cap.	170.1	—	-0.1	—
Flexible Fund Acc.	174.5	—	-0.1	2.3
Fixed Int. Fd. Cap.	136.0	—	-1.5	—
Fixed Int. Fd. Acc.	139.9	—	-1.5	—
Gtd. Deposit Fd. Cap.	136.4	—	....	—
Gtd. Deposit Fd. Acc.	139.4	—	....	—
Equity Fund Cap.	130.3	—	+0.5	—
Equity Fund Acc.	133.4	—	+0.5	—
International Fd. Cap.	123.5	—	+1.9	—
International Fd. Acc.	126.4	—	+2.0	—
Capital Gwth. Fd.	374.6	—	+2.1	—
Moneymaker Fund	153.9	—	-0.4	—
Exempt Inv Tst Cap.	339.1	—	+0.9	3.5
Exempt Inv Tst Acc.	339.3	—	+0.9	—
Exempt Inv Tst NS	339.3	—	+0.9	3.6
Exempt Ppty Cap	181.8	—	+0.4	1.9
Exempt Ppty Acc	181.9	—	+0.4	—
Exempt Ppty NS	181.9	—	+0.4	1.9
Exempt Flex Cap	227.4	—	-0.1	1.9

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. — 01-680 0606

Property Fund		286.5	....	—
Property Fund (A)		279.4	....	—
Agricultural Fund		1047.9	....	—
Agric. Fund (A)		1022.7	....	—
Abbey Nat. Fund		223.9	....	—
Abbey Nat. Fd. (A)		223.1	....	—
Investment Fund	122.2	—	....	—
Investment Fund (A)	120.6	—	....	—
Equity Fund	364.4	—	....	—
Equity Fund (A)	358.4	—	....	—
Money Fund		203.8	....	—
Money Fund (A)		200.4	....	—
Actuarial Fund		188.1	....	—
Gilt-edged Fund		179.4	....	—
Gilt-Edged Fd. (A)		179.4	....	—
Retire Annuity		342.8	....	—
Immed. Ann'ty		196.0	....	—
International Fd.		206.2	....	—

Prop. Growth Pensions & Annuities Ltd.

All Weather Ac. Uts.	224.1	235.9	....	—
Inv. Fd. Uts.		256.0	....	—
Pension Fd. Uts.		234.1	....	—
Conv. Pens. Fd.		243.1	....	—
Cnv. Pns. Cap. Ut.		202.3	....	—
Man. Pens. Fd.		286.2	....	—
Man. Pens. Cap. Ut.		228.0	....	—
Prop. Pens. Fd.		264.5	....	—
Prop. Pens. Cap. Uts.		206.0	....	—
Bldg. Soc. Pen. Ut.		233.7	....	—
Bldg. Soc. Cap. Ut.		184.3	....	—
Gilts Pens. Fd.		155.5	....	—
Gilts Pens. Fd. Cap.		139.7	....	—
Equity Pens. Fd.		212.2	....	—
Equity Pens. Fd. Cap.		191.0	....	—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. — 01-749 9111

Special Mkt Fd.	54.1	57.1	....	—
Pension Equity	271.1	279.5	....	—
Pension Fxd. Int.	242.8	250.4	....	—

OFFSHORE AND OVERSEAS

Wardley Investment Services Ltd.
Floor, Hutchison House, Hong Kong

Wardley Trust	HK$30.00	31.70	....	4.42
Wardley Nikko As. Fd.	US$24.77	25.97	....	5.79
Wardley Bond Trust	$10.60	10.80	....	8.43
Wardley Japan Trust	$19.59	20.30	....	1.03

Westaven Secs. (Guernsey) Ltd
Box 214, St Peter Port, Guernsey — 0481 27768

Gilt & Option Fd.	98.0	103.0	....	3.00

World Wide Growth Management
Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.36	—	+0.13	—

Inv. Adv.. M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
St. George's St., Douglas IoM — 0624 25015

Wren Com. Fund	31.9	33.2	....	3.10
Japanese Fund	56.5	58.8	....	1.70
Precious Metal Fund	140.1	145.6	....	8.30
Vanguard Cmdy Fd.	41.4	42.4	....	2.26
Financial Futures Fd	131.1	136.4	....	—
Wren Intl Fnd *	$0.844	0.879	....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
21Aug	21F	Exch. 3pc 1983	99½	1.12	3.02	9.82
17S	17Mar	Treasury 12pc 1983‡‡	100½	11.8	11.96	10.10
18Ja	18Jul	Treasury 9¼pc '83	99½xd	13.12	9.30	10.37
22May	22N	Exch. 13¾pc '83	102½	18.10	13.17	10.34
12Jun	12D	Exch. 10pc 1983	99¾	5.11	10.03	10.18
15Jul	15Ja	Funding 5½pc '82-84‡‡	96¾xd	9.12	5.68	8.93
20Aug	20F	Exch. 11¼pc 1984	100½	14.7	11.19	10.60
22N	22May	Exchequer 14pc 1984	103¾	18.10	13.49	10.95
19D	19Jun	Exch. 3pc 1984	93½	12.11	3.21	7.86
26Mar	26S	Treasury 12pc 1984	101½	20.8	11.82	10.84
22Aug	22F	Treasury 15pc 1985	106½	16.7	14.05	11.22
22S	22Mar	Exch. 12pc Cnv '85	104⅝	16.8	11.47	9.61
21N	21My	Treasury 3pc 1985	89⅞	15.10	3.34	7.78
15Jan	15Jul	Treasury 11½pc 1985	101½xd	9.12	11.37	10.97
3 Sept		Treas 8pc Cv85(£60pd)	58½	—	8.92	9.48
22May	22N	Exch. 12¼pc 1985	102⅛	18.10	11.97	11.23
25 Aug	25F	Exch. 11¾pc '86	101⅜	19.7	11.59	11.18
19N	19May	Treasury 3pc 1986	87¼	13.10	3.44	7.36
12D	12Jun	Treasury 12pc '86	102⅜	5.11	11.72	11.13
10Ja	10Jul	Treasury 8¾pc '84-86‡‡	96¾xd	6.12	8.79	9.63
14Ja	14Jn	Treas. 12¼pc '86 Cnv	107½xd	8.12	11.39	9.69
29Apr	29Oct	Exch. 14pc 1986	108⅛	22.9	12.95	11.28
22Jul	22Jan	Exch. 13¾pc 1987	106¾xd	16.12	12.46	11.25
—		Exchequer 2½pc 1987	84	—	2.98	7.04
Oct 6	Apr 6	Exch. 10½pc 1987	98⅝	—	10.65	10.88
1N	1May	Funding 6½pc '85-87‡‡	92⅛	27.9	7.06	8.73
14Ja	14Jul	Treasury 3pc 1987	84½xd	8.12	3.56	7.15
3 May	3N	Treas. 12pc 1987	102⅞	27.9	11.66	11.19

Five to Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
26Jul	26Ja	Treasury 7¾pc '85-88‡‡	92xd	20.12	8.39	9.71
—		Exch. 10½pc '88	97⅞	—	10.94	11.50
1Ja	1Jul	Transport 3pc '78-88	78⅛	25.11	3.84	8.04
25Ap	25Oct	Treas. 9½pc '88 (£60pd)	57½	—	10.25	11.23
22Aug	22F	Treasury 11½pc 1989	103	16.7	11.67	11.81
15Ap	15Oct	Treasury 5pc '86-89	81¼	8.9	6.21	8.88
15Jul	15Ja	Treasury 13pc 1990‡‡	106xd	9.12	12.24	11.69
22Sept	22Mar	Exch. 12½pc 1990	107	16.8	12.12	11.81
15D	15Jun	Treasury 8¼pc '87-90‡‡	89¼	8.11	9.31	10.48
10Jul	10Ja	Treasury 11¾pc 1991	100xd	6.12	11.75	11.75
5Oct	5Ap	Funding 5¾pc '87-91‡‡	81¼	1.9	7.17	9.23
25Ap	25Oct	Exch. 11pc 1991	99	20.9	11.38	11.60
22Jul	22Ja	Treasury 12¾pc '92‡‡	105½xd	16.12	12.04	11.68
21Aug	21Fb	Treasury 10pc 1992	96¾	15.7	10.27	11.26
25Fb	25Aug	Exch. 12¼pc '92	107	19.7	11.97	11.82
22Mar	22S	Exchequer 13½pc '92	113¼	14.8	12.36	11.87
14Ja	14Jul	Treasury 12½pc '93‡‡	104¾xd	8.12	11.92	11.69
15Mar	15S	Funding 6pc 1993‡‡	78¼	9.8	7.86	9.58
23May	23N	Treasury 13¾pc 1993‡‡	113⅞	18.10	12.27	11.75
1S	1Mar	Treasury 14½pc '94‡‡	122¼	26.7	12.39	11.72
27O	27Ap	Exchequer 13½pc 1994	112¼	20.9	12.28	11.86
22F	22Aug	Exch. 12½pc 1994	109¼	16.7	11.97	11.78
17May	17N	Treasury 9pc '94‡‡	90½	11.10	10.09	10.62
25Jul	25Ja	Treasury 12pc '95	101¾xd	20.12	11.74	11.65
1N	1May	Gas 3pc '90/95	63½	27.9	4.77	7.72
21Ja	21Jul	Exch. 10¼pc 1995	92½xd	15.12	11.04	11.35
15May	15N	Treasury 12¾pc '95‡‡	107⅞	11.10	11.81	11.54
22Jul	22Ja	Treas. 14pc '96	114¾xd	16.12	12.15	11.70
15S	15Mar	Treasury 9pc '92/96‡‡	91	9.8	10.21	10.70
3N	3May	Treasury 15¼pc '96‡‡	126½	27.9	12.33	11.70
15N	15May	Exchequer 13¼pc '96‡‡	114	11.10	11.63	11.47
1Ap	1Oct	Redemption 3pc 1986-96	60½	25.8	5.03	7.85
22Jul	22Ja	Treasury 13¼pc '97‡‡	111¾xd	16.12	11.81	11.49
21Aug	21F	Exchequer 10½pc 1997	98⅝	15.7	11.11	11.27
1Mar	1S	Treasury 8¾pc 1997‡‡	88½	26.7	10.25	10.75
27Ap	27Oct	Exch. 15pc 1997	125¾	20.9	12.28	11.78

Over Fifteen Years

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1N	1May	Treasury 6¾pc '95-98‡‡	73⅝	27.9	9.33	10.40
30Mar	30S	Treas. 15½pc '98‡‡	131½	24.8	12.19	11.67
20May	20N	Exch. 12pc 1998	106	14.10	11.50	11.40
15Jul	15Ja	Treasury 9½pc 1999‡‡	90½xd	9.12	10.48	10.74
26S	26Mar	Exch. 12¼pc 1999	104¼	20.8	11.54	11.40
19N	19May	Treasury 10½pc 1999	96¾	13.10	11.02	11.13
14Ja	14Jul	Treas. 13pc 2000	111¼xd	6.12	11.67	11.48
22N	22May	Treas. 14pc '98-01	119	18.10	11.95	11.58
22Jul	22Ja	Exch. 12pc '99-02	104⅝xd	16.12	11.43	11.32
25Ja	25Jul	Treas. 13¾pc 2000-03	116¼xd	20.12	11.77	11.51
19S	19Mar	Treasury 11½pc '01-04	106½	13.8	11.17	11.12
14Ja	14Jul	Funding 3½pc '99-04	45¾xd	8.12	7.64	9.43
21May	21N	Treasury 12½pc '03-05	111¼	15.10	11.36	11.23
5Ap	5Oct	Treasury 8pc '02-06‡‡	83½	1.9	10.08	10.34
22Jul	22Ja	Treasury 11¾pc '03-07	104½xd	16.12	11.20	11.14
26S	26Mar	Treas. 13½pc '04-08	121⅝	20.8	11.47	11.28
10Mar	10S	Treasury 5½pc '08-12‡‡	59½	4.8	9.54	9.97
26Jul	26Ja	Treasury 7¾pc '12-15‡‡	76xd	20.12	10.15	10.29
12 Jun	12D	Exch. 12pc '13-'17	111½	5.11	10.86	10.81

Undated

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1F	1Aug	Consols 4pc	37¼xd	29.12	10.70	—
1Jun	1D	War Loan 3½pc‡‡	33⅝	25.10	10.53	—
1Ap	1Oct	Conv. 3½pc '61 Aft.	39¼	25.8	9.14	—
5Ap	5Oct	Treasury 3pc 66 Aft.	30½	1.9	10.10	—
5Ja	5Oct	Consols 2½pc	24¼	1.9	10.32	—
1Ap	1Oct	Treasury 2½pc	24½	25.8	10.50	—

Index-Linked & Variable Rate

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
24N	24 May	Treas. Variable '83	100	18.10	10.22	10.12
					(1)	(2)
30Mar	30Sept	Treas. 2pc I.L. '88	104¾	24.8	1.89	2.24
16 Mar	16 S.	Do. 2pc I.L. '96	109⅛	10.8	2.44	2.59
24Mr	24Spt	Do. 2½pc I.L. 2001	101½	—	2.45	2.56
	20May	Do. 2½pc I.L. 2003	99¾	—	2.49	2.60
19 Ja	19 Jul	Do. 2pc I.L. 2006	104¾xd	13.12	2.40	2.54
—		Do. 2½pc I.L. 2009	100¼	—	2.47	2.56
—		Do 2½pc I.L. 2011	107¼	19.7	2.43	2.51

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
28Ja	28Jly	Australia 13½pc 2010	106¼xd	—	12.71	12.60
1N	1M	Finland 14½pc Ln 1986	106	4.10	13.68	12.23
—		Int-Am Dev Bk 12¾pc 2003	25¾	—	13.21	13.31
31M	30C	Int. Bank 13½pc 1986	105	7.10	13.11	11.63
—		Do. 14pcLn 1987	107¼	30.9	13.05	11.75
1M	1S	Mex 16½pc 2008	85½	30.7	20.38	22.47
29Jly	29Dec	N Z. 14¼pc 1987	107	29.11	13.32	12.16
15S	15M	Sweden 13½pc 1986	104¼	15.9	12.95	11.83

CORPORATION LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
30A	31O	Bath 11¾pc 1985	98½	30.9	11.42	11.87
1D	1J	Birm'ham 12½pc 1985	101¼	1.11	12.34	11.84
1D	1J	Burnley 13pc 1987	103½	24.9	12.55	11.94
24A	24O	Cardiff 11pc 1986	97¼	24.9	11.31	11.90
15F.	15Ag.	G.L.C. 13¼pc 1984	102¼	15.7	12.96	10.97
15F	15A	Do. 6¼pc 90-92	75½	15.7	9.27	11.65
1F	1A	Herts 6¼pc 1985-87	84½	1.11	7.99	11.15
1A	1O	Leeds 13½pc 2006	111½	9.9	12.50	12.43
15N	15M	Liverpool 9¾pc '80-84	98½	15.10	9.90	10.96
1Ja A.J.O.		Do. 3½pc Irred	29½	1.9	12.03	—
15M	15N	Lon. Corp 13¼pc '83	101¾	15.10	13.02	11.02
1A.	1O.	Do. 9¼pc '84-85	96¼	1.9	9.62	10.84
15J	15J	LCC 5½pc '82-84	92¾	15.12	5.91	10.45
11O	11J	Do. 5½pc '85-87	80¾	11.11	6.81	11.10
10Ja	10J	Do 6¾pc '88-90	78	10.12	8.64	11.12
1M J S D		Do. 3pc '20 Aft	25	1.9	12.29	—
15J	15D	Sunderland 12¾pc 1984	101⅝xd	10.12	12.08	11.38

COMMONWEALTH AND AFRICAN LOANS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1J	1D	Aust. 6pc 1981-83	97xd	29.10	6.22	10.23
1Ja	1J	N Z. 7¼pc 1988-92	77½xd	1.12	9.36	11.16
15O	15J	Do. 7½pc '83-86	89xd	15.11	8.47	11.60
—		S. Rhod. 2½pc Non-Ass	163	—	—	—
10Mar	10Sept	Do. 3½pc 80-85 Assd	80	10.8	12.04	11.19
7F	7A	Do 4½pc 87-92 Assd.	54	7.7	8.59	13.80
15O	15A	Zimbabwe Ann (£100pd)	383	15.9	—	16.73

LOANS

Public Board and Ind.

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
1Ja	1J	Agric. Mt. 5pc '59-89	77½xd	1.12	6.69	11.01
1M	1S	Met. Wtr. 3pc 'B'	34¼	29	9.01	11.64

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Feb	Aug	Jacksons Bourne	208xd	31.12	5.0	3.1	3.4	13.5
August		James (M.) Ind. 10p	22	19.7	1.25	1.9	8.3	9.0
Nov	June	Jardine M. $HK5	125	25.0	Q92c	2.3	6.8	6.4
July	Jan	Jenks & Cattell	21	1.11	21.0	—	6.8	—
Oct.	Apr	Johnson Clnrs.	300	6.9	ϕ17.7	2.3	3.7	16.7
Feb.	Aug	Johnson Mthy £1	320	13.12	10.0	1.9	4.5	(14.0)
Jan	July	Johnson Grp. 10p	236	17.5	4.0	6.2	2.4	9.4
Oct	June	Jourdan (T.) 10p	87	2.8	5.25	0.6	8.6	(38.4)
May	Dec	Kalamazoo 10p	42	1.11	2.5	0.9	8.8	18.1
Feb.	July	Kelsey Inds.	140xd	31.12	8.0	ϕ	8.2	ϕ
Nov.	April	Kershaw (A.) 5p	140	20.9	21.75	0.5	22.2	(21.8)
Jan.	Aug.	Kleen-E-Ze Hldgs.	39	13.12	13.0	0.2	11.0	—
Jan.	Aug.	L.C.P. Hlds	61	29.11	ϕ3.6	0.6	8.9	(34.7)
Oct.	April	L.R.C. Int. 10p	106	16.8	13.1	2.0	4.2	17.7
Dec.	May	Lawtex	30	11.81	—	—	—	—
Mar.	Oct.	Lep Group 10p	375xd	31.12	17.5	2.7	6.7	(11.0)
Oct.	July	Lilleshall 10p	23	30.4	12.5	—	‡	—
Jan	Oct	Lon. & Liv. 10p	353	29.11	ϕ2.45	2.4	1.0	51.4
Jan.	Sept.	London & Midl'd	102	13.12	7.75	1.1	10.9	(12.2)
Jul.	Dec.	Lon. & Nthn. Grp.	57	15.11	ϕ3.75	2.1	9.4	6.1
—		♦Lon. Priv. Health	38	—	—	—	—	19.0
Jan.	June	Long Hmbly. 10p	8¾	12.79	8—	—	—	—
Mar	Oct	Longton Inds.	56	6.9	1.0	—	2.6	—
Aug.	Apr.	Lonsdale Universl.	65	15.2	ϕ1.0	0.9	2.2	(71.3)
Dec.	June	Low & Bonar 50p	74	18.10	ϕ7.0	0.6	13.5	(25.8)
June	Dec.	M.Y. Dart. 10p	19	1.11	ϕh1.21	—	‡	—
May	Sept.	M'c'rthy Ph. 20p	212	16.8	7.0	2.8	4.7	9.8
Oct.	May	Macfarlane Gp.	131	6.9	ϕh3.2	2.5	3.5	14.9
July	Nov.	Macellan 20p	45	4.10	d1.43	1.4	4.5	(19.8)
Aug.	Mar.	Macpherson (D.)	51	19.7	4.2	1.5	11.8	7.4
Oct.	Apr.	Magnolia Group	46	20.9	2.3	3.9	7.1	4.7
Apr.	Oct.	Man. Ship Can. £1	92	9.80	8—	—	—	—
Oct	Apr	Marley	53	16.8	2.25	1.5	6.1	(14.3)
Feb.	Oct	Marling Ind. 10p	32½	13.12	1.08	6.7	4.7	3.3
Dec.	Jun.	Marshall L'xy "A"	29	4.10	2.8	1.9	13.8	(4.6)
Jan.	July	Marshall's Univ	68	7.6	0.1	—	0.2	—
Nov	May	Martin-Black	25	5.79	—	—	—	—

INSURANCES

LEISURE

LEISURE—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan	Aug	Intasun 10p	101xd	31.12	3.5	4.8	5.0	5.1
Jan	Dec	LWT "A"	142	15.11	11.08	1.1	11.1	11.4
—		♦Leisure Inds.	194	13.12	ϕ6.0	3.0	4.4	9.2
Jan	Jul	Levorstone Int 10p	134	—	0.9	2.8	1.1	39.0
June	Jan	Magnt As M. 10p	122xd	31.12	8.75	ϕ	10.2	ϕ
Apr.	Dec	Medminster 10p	56	1.11	4.0	0.8	10.2	17.6
—		♦Nimslo Int 20c	100	—	—	—	—	—
Jan.	Sept.	Norton & Wri. 10p	75	13.12	td2.0	0.5	3.8	—
—		♦Owners Abroad	23¾	—	d0.35	4.6	2.1	14.7
June	Nov	Photax (Lon.)	47	30.4	ϕ3.5	3.8	‡	3.0
—		♦P'apple Ent. St. 10p	150	—	ud1.5	2.1	1.4	37.0
Sept.	Apr.	Pleasurama 5p	488	2.8	7.5	ϕ	2.2	ϕ
—		♦Radio City 'A' NV	112xd	31.12	g5.6	ϕ	7.1	ϕ
July	Jan	Riley Leisure 10p	145	13.12	Z4.1	1.7	4.0	20.9
Apr.	Nov.	Saga Hols. 20p	98	1.11	d3.73	—	5.4	—
May	Dec.	Samuelson 20p	385	15.2	M12.0	ϕ	4.6	ϕ
Dec	May	Scott. TV 'A' 10p	98	18.10	ϕ7.0	3.8	10.2	3.6
—		♦SelecTV 10p	28	—	—	—	—	—
—		TSW 5p	15½	1.11	0.9	3.3	8.3	5.2
—		♦TVS N/Vtg 10p	30	—	—	—	—	—
Oct	Apr	Trid'nt TV 'A' 10p	71½	19.7	4.26	2.1	8.5	7.3
—		21st Century Dst. Cpn.	180	—	—	—	—	—
April	Sept	Webb (Jos.) 5p	16½	2.8	d0.51	2.2	4.4	(11.8)
Apr.	Nov.	Zetters 5p	81	20.9	2.75	2.8	4.8	10.5

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
—		B.L. 50p	18	—	—	—	—	—
—		♦Coleman Milne 10p	51	20.9	ϕ1.5	3.2	4.2	(8.2)
Mr Je.S.D.		Gen. Mts. Units	191	28.12	Q12c	—	3.9	—
Nov		Honda Motor Y50	268	17.81	Q10%	8.4	0.4	28.1
—		Lotus Car 10p	28	9.11	—	—	—	—
—		♦Reliant Motor 5p	20xd	31.12	—	—	—	5.4

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australians

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 14

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

WORLD STOCK MARKETS

NEW YORK

1982-83 High	Low	Stock	Jan. 7
60	33½	Chase Manhatt'n	50⅛
47⅛	27½	Chemical NY	40⅛
46¼	30⅞	Chesebr. Pond	46¼
19⅞	11	Chicago Pneum.	14½
18⅛	8¾	Chrysler	16⅝
60¾	29¾	Chubb	49⅝
54¾	32	Cigna	43½
30⅛	19¼	Cincinnati Mil.	28½
39⅞	23⅛	Citicorp	35½
56	24½	Cities Service	49⅝
30⅛	16⅝	City Invest	30⅛
30⅜	18¼	Clark Equipment	29¼
32	16⅜	Cleve Cliffs Iron	21¼

1982-83 High	Low	Stock	Jan. 7
34⅛	17⅞	Gen Tire	38⅛
51	26	Genetech	41
47⅛	29⅞	Genuine Parts	44½
27¼	13⅜	Georgia Pac	27¼
30⅛	19⅝	Gerber Prod	25⅞
64¼	41⅝	Getty Oil	55¾
48¾	30¾	Gillette	47¼
23	7⅜	Global Marin	9⅞
35½	16¾	Goodrich (BF)	35½
36½	18⅛	Goodyear Tire	35¾
38⅛	20⅛	Gould	36⅝
45⅞	28¾	Grace	40⅝
56	34¼	Grainger (WW)	49⅝

1982-83 High	Low	Stock	Jan. 7
87¾	64¼	Merck	86¾
90⅛	53	Meredith	89⅛
69⅝	31⅛	Merrill Lynch	62½
24½	11½	Mesa Pet	13⅛
302	158½	Metromedia	289½
32½	19⅜	Midcon	27⅝
15½	12¼	Mid Sth Util	15⅛
30⅛	14⅞	Milton Bradley	25¾
78½	49¼	Minnesota MM	75½
81½	48¾	Missouri Pac	—
23¾	9½	Mitchell Energy	17⅞
27¼	19¾	Mobil	26

1982-83 High	Low	Stock	Jan. 7
31¼	17½	Rubbermaid	30
45	12⅜	Ryan Homes	45
53¼	23⅞	Ryder System	53¼
34⅝	16⅞	SFN Companies	31⅝
17⅝	13⅛	Sabine Corp	17⅝
54¼	29⅞	Safeco	51½
49⅝	26½	Safeway Stores	44¾
64	35⅞	St. Paul Cos	58½
29¾	18	St. Regis Paper	27⅝
26½	13¾	Sante Fe Inds	24⅞
10	4⅞	Saul Invest	10
43	26½	Schering Plough	39⅝

CANADA

HOLLAND

HONG KONG

JAPAN

ITALY

NORWAY

AUSTRALIA

FRANCE

SINGAPORE

SWEDEN

SWITZERLAND

SOUTH AFRICA

Financial Rand US$0.77½

(Discount of 17½%)

SPAIN

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

GERMANY

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK

DOW JONES

	Jan. 7	Jan. 6	Jan. 5	Jan. 4	Jan. 3	Dec. 31	1982/3 High	1982/3 Low	Since Cmpil't'n High	Since Cmpil't'n Low
●Industr'ls	1076.0	1070.92	1044.89	1046.08	1027.04	1046.54	1076.07 (7/1/83)	776.92 (12/8)	1076.07 (7/1/83)	41.22 (2/7/32)
H'me Bnds	71.42	71.51	71.42	71.31	71.05	70.54	71.52 (22/11)	65.67 (12/2)	—	—
Transport.	460.57	456.56	445.69	442.64	434.24	446.38	460.57 (7/1/83)	292.12 (12/8)	460.57 (7/1/83)	12.32 (8/7/32)
Utilities	124.49	123.66	121.69	121.35	119.51	119.46	124.49 (7/1/83)	103.22 (30/7)	165.32 (20/4/65)	10.5 (28/4/42)
TradingVol 000-1	127.29	126,410	95,560	75,530	59,860	42,110	—	—	—	—

● Day's high 1091.34 (1061.95) low 1063.19 (1042.40)

Indust'l div. yield %	Dec. 31	Dec. 23	Dec. 17	Year ago (Approx)
	5.17	5.18	5.35	6.32

STANDARD AND POORS

	Jan. 7	Jan. 6	Jan. 5	Jan. 4	Jan. 3	Dec. 31	1982/3 High	1982/3 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	162.93	165.18	160.35	160.57	154.96	157.62	163.18 (6/1/83)	114.08 (12/8)	163.18 (6/1/83)	3.52 (30/6/32)
§Comp's'te	145.18	145.27	141.96	141.35	138.34	140.64	145.27 (6/1/83)	102.42 (12/8)	145.27 (6/1/83)	4.407 (1/6/32)

	Jan. 5	Dec. 29	Dec. 22	Year ago (approx)
‡Indust'l div. yield %	4.60	4.62	4.61	5.50
Indust'l P/E ratio	10.94	10.9	10.69	8.04
Long Gov. Bond yield	10.43	10.44	10.45	14.15

N.Y.S.E. ALL COMMON

Jan. 7	Jan. 6	Jan. 5	Jan. 4	1982 High	1982 Low
83.67	83.71	81.76	81.29	83.71 (6/1/83)	58.80 (12/8)

Rises and Falls

	Jan. 7	Jan. 6	Jan. 5
Issues Traded	1,958	1,943	1,926
Rises	935	1,439	1,018
Falls	709	288	553
Unchanged	314	216	355
New Highs	205	167	86
New Lows	0	2	1

MONTREAL	Jan. 7	Jan. 6	Jan. 5	Jan. 4	1982 High	1982 Low
Industrials	357.90	351.58	337.73	331.18	357.90 (7/1/83)	249.68 (21/6)
Combined	342.83	338.26	326.07	326.12	342.83 (7/1/83)	237.27 (21/6)
TORONTO Composite	2073.2	2042.0	1988.4	1949.8	2073.2 (7/1/83)	1352.2 (7/7)

	Jan. 7	Jan. 6	Jan. 5	Jan. 4	1982-83 High	1982-83 Low
AUSTRALIA All Ord. (1/1/80)	515.8	506.9	498.2	487.8	595.5 (4/1/82)	445.2 (8/7)
Metal & Minls. (1/1/80)	445.4	431.8	420.5	411.8	445.4 (7/1/83)	299.0 (8/7)
AUSTRIA Credit Aktien (2/1/62)	50.78	(c)	50.98	51.09	58.98 (4/11)	47.33 (28/10)
BELGIUM Belgian SE (31/12/63)	102.11	101.03	100.68	100.50	103.89 (22/9)	88.42 (29/1/82)
DENMARK Copenhagen SE (3/1/83)	104.39	103.28	101.90	102.20	104.38 (7/1/83)	100.00 (3/1/83)
FRANCE CAC General (31/12/81)	101.3	98.8	98.6	97.4	111.6 (12/8)	88.9 (12/8)
Ind Tendance (31/12/82)	104.2	102.3	102.4	100.1	104.2 (7/1/83)	98.0 (3/1/83)
GERMANY FAZ-Aktien (31/12/58)	254.83	256.23	257.56	255.81	257.56 (5/1/83)	214.08 (17/8)
Commerzbank Dec 1953	769.1	774.5	777.6	771.9	777.6 (5/1/83)	650.2 (17/8)
HOLLAND ANP-CBS General (1970)	106.2	105.7	105.1	100.1	108.2 (7/1/83)	84.6 (6/1/82)
ANP CBS Indust (1970)	89.5	86.8	85.5	86.6	89.5 (7/1/83)	65.2 (4/1/82)
HONG KONG Hang Seng Bank (31/7/64)	798.86	772.58	769.97	751.61	1445.32 (12/1/82)	676.30 (2/12)
ITALY Banca Comm Ital. (1972)	196.09	161.51	162.01	161.68	212.96 (19/5)	147.33 (22/7)
JAPAN** Dow Average (16/5/49)	8169.19	8120.51	8068.15	8021.49	8169.19 (7/1/83)	6849.78 (1/10)
Tokyo New SE (4/1/68)	598.51	597.49	593.90	592.84	599.51 (7/1/83)	511.52 (17/8)
NORWAY Oslo SE (4/1/83)	103.22	100.04	99.59	98.01	103.22 (7/1/83)	98.01 4/1/83
SINGAPORE Straits Times (1966)	725.04	716.58	712.29	712.49	810.76 (6/1/82)	557.07 (16/8)
SOUTH AFRICA Gold (1958)	989.3	(u)	981.4	975.6	988.8 (5/1/83)	555.5 (8/7)
Industrial (1958)	753.0	(u)	747.4	745.0	753.0 (7/1/83)	507.5 (28/6)
SPAIN Madrid SE (31/12/82)	98.75	(c)	99.76	99.44	100.00 (31/12/82)	98.76 (5/1/83)
SWEDEN Jacobson & P. (1/1/58)	899.06	(c)	(c)	899.06	902.67 (29/4)	565.32 (29/4)
SWITZERLAND Swiss Bank Cpn. (31/12/58)	301.7	301.2	298.9	294.4	301.7 (7/1/83)	257.0 (17/8)
WORLD Capital Intl. (1/1/70)	—	159.80	157.5	156.4	157.5 (6/1/83)	118.4 (13/8)

(**) Saturday Jan 1. Japan Dow (c). TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
ATT	1,839,100	64⅞	+1⅛
[illegible]	[illegible]	[illegible]	[illegible]
Schlumberger	1,221,700	50½	−⅝
Inco	1,133,500	13⅞	+⅝
Exxon	1,118,500	30⅞	−⅝
IBM	1,080,600	96⅞	−1
Chrysler	1,002,000	16⅝	−1⅛
Union Oil	985,200	30⅝	−⅝
Amerada Hess	971,600	28⅝	+⅜
General Motors	889,100	63	+1⅜